

GOVERNMENT OF INDIA  
MINISTRY OF COAL  
**LOK SABHA**  
**STARRED QUESTION NO – 123**  
TO BE ANSWERED ON 28.07.2021

**REFORMS IN COAL SECTOR**

\*123. SHRI SHANKAR LALWANI:

Will the Minister of COAL be pleased to state:

(a) whether the Government has formulated schemes for making several important reforms in the coal sector keeping in view the Aatmanirbhar Bharat Campaign and if so, the details thereof;

(b) whether the Government has formulated schemes to grant approval to commercial mining in coal sector and to provide financial assistance for producing gas from coal and if so, the details thereof; and

(c) whether the Government has formulated any concrete scheme to reduce the import of coal and to increase its domestic production capacity and if so, the details thereof?

**ANSWER**

**MINISTER OF PARLIAMENTARY AFFAIRS, COAL AND MINES**  
**(SHRI PRALHAD JOSHI)**

(a) to (c): A statement is laid on the Table of the House.

**Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No. 123 for answer on 28.07.2021 asked by Shri Shankar Lalwani regarding Reforms in Coal Sector.**

(a): Government has made following important reforms in the coal sector:

(i) Methodology for auction of coal and lignite mines / blocks for sale of coal / lignite on revenue sharing basis and tenure of coking coal linkage was issued on 28.05.2020.

(ii) Amendments have been made in the Coal Mines (Special Provisions) Act, 2015 [CMSP Act] and the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act] through Mineral Laws Amendment Act, 2020 enacted on 13.03.2020 to ensure wider participation and competition in auction of coal mines. The amendments in the Acts would enable the following:

- Allocation of coal blocks for composite prospecting license-cum-mining lease which will help in increasing of the inventory of coal/lignite blocks for allocation.
- Repetitive and redundant provision requiring previous approval of Central government even in cases where the allocation or reservation of coal/lignite block has been made by the Central Govt. itself has been done away with.
- Provided flexibility to the Central Govt. in deciding the end use of Schedule II and III coal mines under the CMSP Act.
- Companies which do not possess any prior coal mining experience in India can now participate in auction of coal blocks.

(b): Yes, Sir. Methodology for auction of coal and lignite mines/blocks for sale of coal/lignite on revenue sharing basis was issued on 28.05.2020. So far, 20 coal mines have been auctioned for sale of coal under this methodology. Salient features of the Methodology are as under:

- Based on Revenue sharing mechanism. Floor percentage at 4%.
- Applicable to fully explored as well as partially explored coal blocks.
- Upfront amount is based on value of estimated geological reserves.
- Successful Bidder to pay monthly revenue share based on percentage of revenue share quoted, total quantity of coal and notional or actual price whichever is higher.
- Incentives for early production, gasification and liquefaction of coal.
- Exploitation of Coal Bed Methane is allowed.
- No restriction on the sale and/ or utilisation of coal. More flexibility in coal production schedule.

If the successful bidder consumes the coal produced either in its own plant(s) or plant of its holding, subsidiary, affiliate, associate for coal gasification or sells the coal for coal gasification process, a rebate of 20% on the percentage revenue share quoted by the successful bidder will be allowed on the total quantity of coal consumed or sold or both for gasification on an yearly basis, subject to the stipulated conditions.

(c): As per the current import policy, coal is kept under Open General License (OGL) and consumers are free to import coal from the source of their choice as per their contractual prices on payment of applicable duty. Following steps have been taken by the Government to reduce the import of coal and to increase its domestic production:

i. An Inter - Ministerial Committee (IMC) has been constituted in the Ministry of Coal for the purpose of coal import substitution. The representatives from Ministry of Power, Ministry of Railways, Ministry of Shipping, Ministry of Commerce, Ministry of Steel, Ministry of Micro, Small & Medium Enterprises (MSME), and Department for Promotion of Industry & Internal Trade (DPIIT), Central Electricity Authority (CEA), Coal Companies and Ports are members of this IMC. This Committee provides a platform for discussions on a larger forum with the Administrative Ministries so as to guide them to encourage the coal consumers of their respective sector to eliminate imports of coal. On the directions of the IMC, an Import Data System has been developed by Ministry of Coal to enable the Ministry to track the imports of coal.

ii. The Annual Contracted Quantity (ACQ) of power plants has been increased upto 100% of the normative requirement, in the cases where the ACQ was reduced to 90% of normative requirement (non-coastal) or where the ACQ was reduced to 70% of normative requirement (coastal power plants). The increase in ACQ would ensure supply of more domestic coal to the power plants.

iii. In addition to the above, some other measures like Introduction of Facility of Usance LC (Letter of Credit) payment mechanism to help the consumer avail credit facility from bank, Special Spot auction scheme for the coal importers including the traders, have been introduced to help in curtailing the imports of coal. With the concerted efforts of various stakeholders, the import of coal for blending purposes by the domestic coal based power plants in the country has reduced by about 56%, from 23.8 MT during 2019-20 to 10.4 MT during 2020-21.

iv. The focus of the Government is on increasing domestic production of coal. Coal India Limited (CIL) has taken the following steps to achieve the target of augmentation of coal production capacity:

- Implementing on-going projects in time bound manner to achieve targeted production as per schedule.
- Introduction of Surface Miners in Open Cast (OC) mines to improve operational efficiency and cater to environmental needs.
- Introduction of Mass Production Technology in underground coal mines.
- 15 Projects identified with a Capacity of about 160 MTPA (Million Tonnes per Annum) to be operated by Mine Developer cum Operator mode.
- Capacity addition through special dispensation in Environment Clearance under clause 7(ii) of Environmental Impact Assessment (EIA) 2006.
- CIL has taken steps to upgrade the mechanized coal transportation and loading system under 'First Mile Connectivity' projects.

v. Launch of Commercial Auction: Auction of commercial mining on revenue sharing mechanism from 5 coal bearing states (Jharkhand, MP, Maharashtra, Odisha and

Chhattisgarh) was launched on 18.06.2020 by Hon'ble Prime Minister. During this round of auction, 20 coal mines with aggregate peak capacity of 59 MTPA were successfully auctioned. Annual revenue likely to be generated from 20 mines recently auctioned for sale of coal at Peak Rated Capacity of mines is around Rs.7,419 crores. Total employment estimated to be generated by these 20 mines would be 79,019 persons. Further, second Tranche of auction for commercial mining was launched by Ministry of Coal on 25.03.2021. In the II Tranche, a total of 67 coal mines/blocks are offered of which 37 are fully explored and 30 are partially explored blocks. The mines on offer are geographically spread over the coal bearing States. Further to cater to the demand of the coking coal consumers, 6 coking coalmines have also been put on offer. The cumulative PRC for the fully explored mines on offer has been estimated at 150 MTPA. Technical evaluation of Bids is currently under process by Technical Evaluation Committee.

vi. Concept of Rolling Auction: Further, in order to expedite the process for conducting auction and to carry out more rounds of auction in a year, a mechanism of rolling auctions of coal mines has been planned. Under this mechanism, upon completion of the electronic auction process of a tranche (i.e. approximately 3-4 months from the launch of auction process), the next tranche of auction would be launched for following mines:

- Mines where no bid or only single bid was received in the previous tranche of auction (except for those mines where Ministry of Coal decides to go for second attempt of auction)
- New mines, if any, identified by Ministry of Coal

vii. Launch of PMU: Project Management Unit (PMU) has been appointed by Ministry of Coal for handholding of coal block allottees for obtaining various approvals /clearances for early operationalisation of coal mines. PMU has completed initial consultations with the coal mine allocattees and has submitted its Report from time to time. Also PMU started visiting concerned Central and State Government officials to facilitate grant of clearances.

viii. Launch of Single Window Clearance: The Union government launched Single Window Clearance portal for the coal sector to speed up the operationalisation of coal mines. It is an unified platform that facilitates grant of clearances and approvals required for starting a coal mine in India.

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