

GOVERNMENT OF INDIA  
MINISTRY OF COAL  
**LOK SABHA**  
**UNSTARRED QUESTION NO - 4559**  
TO BE ANSWERED ON 30.03.2022

**PRIVATE INVESTMENT IN COAL SECTOR**

4559. SHRI PASUNOORI DAYAKAR:  
SHRIMATI KAVITHA MALOTHU:  
DR. G. RANJITH REDDY:  
SHRI VENKATESH NETHA BORLAKUNTA:

Will the Minister of Coal be pleased to state:

- (a) whether there is any proposal before the Ministry to have revenue sharing mechanism instead of rupee/per ton mechanism to attract private investment into coal sector;  
(b) if so, the details thereof; and  
(c) the details of entry norms liberalized in coal sector?

**ANSWER**

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

(a) & (b): Methodology for auction of coal and lignite mines / blocks for sale of coal / lignite on revenue sharing basis has been issued on 28.05.2020 and modified vide order dated 24.11.2021. 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 % 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 (CBM) is allowed.
- No restriction on the sale and/or utilisation of coal. More flexibility in coal production schedule.

(c): 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. Sections 4(2) and 5(1) of the CMSP Act and Section 11A of the MMDR Act have been amended clarifying that any company selected through auction/ allotment can carry on coal mining operation for own consumption, sale or for any other purposes, as may be specified by the Central Government, allowing wider participation and competition in auction. Thus, the companies which do not possess any prior coal mining experience in India can now participate in auction of coal blocks.

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