

**GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
UNSTARRED QUESTION NO. 2663
TO BE ANSWERED ON 11.12.2024**

Reopening of Defunct Coal Mines

2663. Shri Dushyant Singh:

Will the Minister of COAL be pleased to state:

(a) the details of the strategies being implemented by the Ministry to sustain the growth in coal production, particularly in Rajasthan compared to other coal-rich areas across the country and the manner in which these strategies align with the national goals of self-sufficiency and reducing dependence on coal imports;

(b) whether the Ministry plans/proposes to reopen defunct coal mines under a revenue-sharing model and contribute to the growth of coal production and economic development, particularly in Rajasthan which promotes local employment and revenue generation, if so, the details thereof and if not, the reasons therefor;

(c) the details of the launch of commercial mining on a revenue-sharing basis and the specific outcomes in terms of increased coal production throughout the country; and

(d) whether the Ministry is considering reforms to support greater participation from private players including international investors in the coal mining sector and if so, the details thereof?

**ANSWER
MINISTER OF COAL AND MINES
(SHRI G. KISHAN REDDY)**

(a): No coal deposit has been reported yet in the State of Rajasthan. The focus of the efforts made by the Government is on increasing the domestic production of coal and to eliminate non-essential import of coal in the country. Most of the requirement of coal in the country is met through indigenous production and supply. The steps taken by the Government to sustain growth in production of coal are as under:

- i. Regular reviews by Ministry of Coal to expedite the development of coal blocks.
- ii. Enactment of Mines and Minerals (Development and Regulation) Amendment Act, 2021 [MMDR Act] for enabling captive mines owners (other than atomic minerals) to sell up to 50% of their annual mineral (including coal) production in the open market after meeting the requirement of the end use plant linked with the mine in such manner as may be prescribed by the Central Government on payment of such additional amount.
- iii. Single Window Clearance portal for the coal sector to speed up the operationalization of coal mines.

- iv. Project Monitoring Unit for hand-holding of coal block allottees for obtaining various approvals / clearances for early operationalization of coal mines.
- v. Auction of commercial mining on revenue sharing basis launched in 2020. Under commercial mining scheme, rebate of 50 % on final offer has been allowed for the quantity of coal produced earlier than scheduled date of production. Further, incentives on coal gasification or liquefaction (rebate of 50 % on final offer) have been granted.
- vi. Terms and conditions of commercial coal mining are very liberal with no restriction on utilization of coal, allowing new companies to participate in the bidding process, reduced upfront amount, adjustment of upfront amount against monthly payment, liberal efficiency parameters to encourage flexibility to operationalize the coal mines, transparent bidding process, 100% Foreign Direct Investment (FDI) through automatic route and revenue sharing model based on the National Coal Index.

In addition to the above, coal companies have also taken the following steps to increase domestic coal production:

- i. Coal India Limited (CIL) has adopted a number of measures to increase coal production. In its Underground (UG) mines, CIL is adopting Mass Production Technologies (MPT), mainly with Continuous Miners (CMs), wherever feasible. CIL has also planned Highwalls (HW) mines in view of the availability of Abandoned/ Discontinued mines. CIL is also planning large capacity UG mines wherever feasible. In its Opencast (OC) mines, CIL already has State-of-the- Art technology in its high-capacity Excavators, Dumpers and Surface Miners.
- ii. Regular liaison is being undertaken by Singareni Collieries Company Limited (SCCL) for grounding of new projects and operation of existing projects. SCCL has initiated action for developing infrastructure for evacuation of coal like Coal Handling Plants (CHPs), Crushers, Mobile Crushers, Pre-weigh-bins etc.

(b): Ministry of Coal has initiated steps to re-open closed / discontinued mines recognizing their latent potential, under a Revenue Sharing Model. It aims to optimize the utilization of the nation's coal resources while ensuring that safety and profitability are maintained. This will enhance domestic coal availability and efficient utilization of existing coal resources. A total of 34 abandoned mines under Revenue Sharing Model have been offered, out of which, 24 have been awarded. None of the identified mines are located in the State of Rajasthan.

(c): Auction of commercial mining on revenue sharing basis was launched on 18.06.2020. The all India coal production in the year 2023-2024 was 997.826 MT in comparison to 716.083 MT in the year 2020- 2021 with a growth of about 39.35 %.

(d): Reform measures introduced by the Government to allow wider participation from private players including international investors in the coal mining sector are as under:

- i. 100% Foreign Direct Investment under automatic route has been allowed for sale of coal, coal mining activities including associated processing infrastructure subject to the provisions of Coal Mines (Special Provisions) Act, 2015 [CMSP Act] and the Mines and Minerals (Development and Regulation) Act, 1957 [MMDR Act] as amended from time to time and other relevant Acts on the subject.
- ii. CMSP Act was reviewed comprehensively and as a result, several amendments were brought in the Act through Mineral Laws (Amendment) Act, 2020 that was enacted on 13.03.2020 to enable the following:
 - a. 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.

- b. Provided flexibility to the Central Government in deciding the end use of Schedule II and III coalmines under the CMSP Act.
 - c. Companies that do not possess any prior coal mining experience in India can now participate in auction of coal blocks.
- iii. Methodology for auction of coal and lignite mines for sale of coal / lignite on revenue sharing basis under the CMSP Act and the MMDR Act was issued on 28.05.2020. The same was subsequently amended vide order dated 24.11.2021 and 31.10.2022. Salient features of the Methodology are as under:
- a. Based on Revenue sharing mechanism. Floor percentage at 4%.
 - b. Applicable to fully explored as well as partially explored coal blocks.
 - c. Upfront amount is based on value of estimated geological reserves.
 - d. Successful Bidder to pay monthly revenue share based on % revenue share quoted, total quantity of coal and notional or actual price whichever is higher.
 - e. Incentives for early production, gasification and liquefaction of coal.
 - f. Exploitation of Coal Bed Methane is allowed.
 - g. No restriction on the sale and/ or utilization of coal. More flexibility in coal production schedule.

Some other measures to allow wider participation from private players in the coal block auctions are reduced upfront payment, adjustment of upfront amount against royalty, liberal efficiency parameters to encourage flexibility to operationalize the coal mines, transparent bidding process and allowing Security Creation to avail financing from the financial institutions.
