

GOVERNMENT OF INDIA
MINISTRY OF COAL

LOK SABHA
UNSTARRED QUESTION NO. 1837
ANSWERED ON 30.07.2025

Direct Selling of Coal by Washeries

1837 Shri Sanjay Uttamrao Deshmukh:
Shri Arvind Ganpat Sawant:

Will the Minister of *Coal* be pleased to state:

- (a) Whether the Government is aware of the fact that a number of washery companies are selling coal directly to customers bypassing Coal India Limited (CIL) and thereby causing loss of revenue to CIL and if so, the details of direct coal sales made by washeries during the last three years, State and company-wise along with the manner by which the Government is meeting the demand of coal across the country;
- (b) Whether the Maharashtra State Power Generation Company Ltd. (MAHAGENCO) has made claims of improving the quality of coal but MAHAGENCO has been misled by Maharashtra State Mineral Corporation (MSMC) and washery companies together and if so, the details thereof;
- (c) Whether the Government has conducted any inquiry in this regard and if so, the details of its report and findings thereof; and
- (d) The measures being taken by the Government to protect the interests of CIL and Public Sector Companies and to ensure transparency in selling of coal?

ANSWER

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

(a) Coal India Limited (CIL)/ its subsidiaries have no formal agreements with private washeries for handling or processing of coal once it is dispatched from premises of CIL/ its subsidiaries. However, in some cases, power/ non-power consumers have entered into bilateral agreements with private washeries for lifting, washing, and supply of washed coal, based on mutually agreed terms. These transactions are outside the purview of CIL's operations.

There is no loss of revenue to CIL on account of functioning of such private washeries.

Distribution of coal produced by coal companies is broadly made under two channels - coal linkage and e-auction. Enhancement of production is done through adoption of modern mining technologies (e.g., Longwall, Highwall, Surface Miners), digital transformation initiatives, and continuous monitoring by the Ministry of Coal to expedite coal block development. Liberalized norms now permit 100% FDI, and a revenue-sharing model with incentives is in place to boost

private investment. The MMDR Act Amendment (2021) further allows captive mines to sell up to 50% of their coal in the open market.

(b) Mahagenco entered into Contract Agreements with Maharashtra State Mining Corporation (MSMC) for appointment as a Nodal Agency for lifting of raw coal from Western Coalfields Limited (WCL), South-Eastern Coalfields Limited (SECL) and Mahanadi Coalfields Limited (MCL), beneficiation of lifted raw coal and supply of beneficiated coal to various Thermal power stations of Mahagenco. The washery operators are appointed by MSMC.

MSMC has appointed an independent monitoring agency to ensure the quality of washed coal being supplied, with round-the-clock (24x7) supervision and inspection at every stage of the supply chain with respect to washed coal. This agency provides on-ground reports to MSMC and MAHAGENCO. It also monitors the coal transportation process through GPS, with tracking data retrievable on demand. Additionally, it monitors rake movements to identify any possible diversions or delays and submits reports to MSMC.

The quality of coal supplied to thermal power plants is checked by a Third-Party Sampling Agency. The inspection process is carried out in presence of representatives of thermal power plant (Mahagenco), Central Coal & Oil Testing Laboratory (CCOTL) and MSMC representatives. If the analysis report submitted by Mahagenco is not acceptable, the quality of the washed coal is checked at a Central Government approved third party (NABL-certified testing center laboratory) nominated and selected by Mahagenco. Based on that, the quality of coal is finally accepted, and used for all contractual commercial purposes.

Mahagenco's washed coal contracts specify the quality parameters and penalty provisions. In case of any deviation from the prescribed standards, a penalty is imposed on MSMC. Due diligence is exercised with respect to coal quality, and regular inspections are carried out through established monitoring mechanisms.

(c) No such inquiry was conducted by the Ministry of Coal in this regard.

(d) Coal is sold by Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) to the consumers as per the commercial terms and conditions provided in the Fuel Supply Agreement entered between coal companies and the consumers.

To ensure transparency in quality of coal supplied to the consumers, the Ministry of Coal has issued a directive for sampling of coal through independent Third Party Sampling Agencies.
