GOVERNMENT OF INDIA
MINISTRY OF COAL
LOK SABHA
UNSTARRED QUESTION NO. 1821
ANSWERED ON 29.07.2026

COAL EXCHANGE RULES

1821. SHRI E T MOHAMMED BASHEER:

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

(a) the salient features of the Coal Exchange Rules, 2026 and the proposed timeline for operationalising regulated coal exchanges in the country;

(b) whether the Government has assessed the extent to which coal exchanges are expected to improve transparent price discovery, reduce dependence on opaque bilateral contracts and provide better access to coal for small and medium consumers in the non-regulated sector; and

(c) the measures proposed to ensure adequate participation by major coal producers, including Coal India Limited and to enable surplus coal inventories in one region to meet shortages in other parts of the country?

ANSWER

MINISTER OF STATE FOR COAL AND MINES
(SHRI SATISH CHANDRA DUBEY)

(a) The Coal Exchange Rules, 2026, notified under Section 18B of the Mines and Minerals (Development and Regulation) Act, 1957 by the Ministry of Coal on 04.06.2026, establish a comprehensive regulatory framework to promote transparent and efficient trading of coal or lignite and its processed forms.

The salient features of the Coal Exchange Rules, 2026 are as follows:

i. The Coal Controller Organisation (CCO) is the Authority to register and regulate Coal Exchange(s) in accordance with the eligibility criteria, procedure for registration, fees and charges, net worth, ownership structure and governance structure prescribed *inter-alia* in the Coal Exchange Rules, 2026. The Authority may specify operating procedures and issue guidelines, in consultation with the Central Government.

ii. Coal Exchange has been defined as an online platform, where buyers and sellers of coal and its processed forms, transact, trade and enter into contracts on such platform.

iii. The Authority shall evaluate, grant, renew and revoke exchange registrations, as well as approve exit schemes at the time of registration.

iv. The Authority shall exercise administrative control by approving the bidding and price discovery mechanisms, contract specifications regarding scheduling and delivery of transactions, quality of delivered coal, bid types, transaction fee ceilings, bye-laws and operating procedures.

v. The Authority shall maintain market oversight to detect and prevent market manipulation, cartelization, insider trading, and abuse of dominant position. The Authority has been given power of intervention, power to issue interim orders and power of inspection in the event of any violation or non-compliance of any provisions of the rules.

vi. The Coal Exchange shall be established and operated with the objectives of formulating coal supply contracts, facilitating transactions of such contracts, ensuring fair, transparent, neutral, efficient, robust price discovery and dissemination, securing the efficient and timely supply of coal, in accordance with the terms of the contract. The Coal Exchange shall operate an electronic trading system and utlilise network communication for its operations.

vii. The Coal Exchange would operate a Settlement Guarantee Fund (SGF) managed by an independent committee, with at least 50% invested in safe/liquid instruments fixed deposits with the Scheduled public sector banks, treasury bills and Government securities.

viii. Coal Exchanges will have a market surveillance committee and a surveillance department to carry out day-to-day monitoring and surveillance of transactions, maintain an automated audit trail for bids, execute security audit of Information Technology Systems, maintenance of a disaster recovery site and alternate trading facility to ensure business continuity in the event of an emergency.

ix. The Coal Exchange will have a grievance redressal forum. The Authority may call for information from the Coal Exchange regarding the redressal of any specific grievance.

The estimated timeline for operationalisation of regulated coal exchange is 12 months from the date of receipt of an application, for registration of Coal exchange, on dedicated online application platform opened on 15.07.2026.

(b) & (c) Any entity, including captive and commercial miners, consumers including small and medium consumers in the non-regulated sector can transact, trade and enter into delivery-based contracts on the Coal Exchange(s). The price discovery of the coal traded or transacted on the Coal Exchange shall be undertaken by the Coal Exchange through a mechanism that ensures fair, neutral, competitive and efficient prices. The bidding and price discovery mechanisms shall be conducted in accordance with the procedure approved by the Authority. The final price of the traded coal shall be adjusted in accordance with the quality of the coal traded, based on the price-adjustment mechanism of the contract executed and the quality certification issued by the coal sampling agency. The market oversight mechanism and market surveillance as envisioned in the 'Coal Exchange Rules, 2026' will prevent any market manipulation/abuse to bring transparency in the Coal Exchange ecosystem. Public Sector coal companies and small and medium consumers in the non-regulated sector may also leverage this platform to enhance market participation.

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