

Government to make the Country Self Sufficient in Coal Production

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Most of the requirement of coal in the country is met through indigenous production and supply. The focus of the Government is on increasing the domestic production of coal and to eliminate non-essential import of coal in the country. The all-India domestic coal production in the year 2023-2024 was 997.828 Million Tonne (MT) (Provisional) in comparison to 893.191 MT in the year 2022-2023 with the growth of about 11.71 %. Further, in the current financial year (upto June'24), the country has produced 247.396 MT (Provisional) of coal as compared to 223.376 MT (provisional) during the same period of last year with a growth of about 10.75%. The steps taken by the Government to make the country self-sufficient in the 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. Also, 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 above, coal companies have also taken following steps to increase the domestic coal production:

- i. Coal India Limited (CIL) has adopted number of measures to increase in 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 mine. 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 CHPs, Crushers, Mobile Crushers, Pre-weigh-bins etc.

Measures taken by the Government to substitute coal imports:

- i. The ACQ has been increased upto 100% of the normative requirement, in the cases where the ACQ was either reduced to 90% of normative requirement (non-coastal) or where the ACQ was reduced to 70% of normative requirement (coastal power plants). Increase in the ACQ would result in more domestic coal supplies, thereby, reducing the import dependency.
- ii. Under the provisions of Para B (viii) (a) of SHAKTI Policy, coal linkage is provided for short term for sale of power generated through that linkage through any product in Power Exchanges or in short term through a transparent bidding process through DEEP portal. In addition, with the amendment to the Non-Regulated Sector (NRS) linkage auction policy introduced in 2020, the tenure of coking coal linkages in the NRS linkage auction has been revised for a period upto 30 years. The coal offered for short term to the Power Plants under the amended provisions of SHAKTI Policy as well as increase in the tenure of the coking coal linkages in the NRS linkage auction for a period upto 30 years is expected to have a positive impact towards coal imports substitution.
- iii. Government has decided in 2022 that the coal to meet the full PPA requirement of all the existing linkage holders of Power Sector shall be made available by the coal companies. The decision of the Government of meeting the full PPA requirement of the linkage holders of the Power Sector shall reduce the dependence on the imports.
- iv. Government has approved creation of a new sub-sector under the NRS linkage auctions with the nomenclature of 'Steel using Coking coal through WDO route'. Creation of the new sub-sector with the assurance for long-term coal linkage to the Steel Sector from the identified mines for the entire term of the contract period shall increase the availability of washed coking coal in the country and enhanced domestic coking coal consumption by the Steel Industry in the country, thereby reducing the coking coal imports. Further, Mission coking coal was also launched by the Government in FY 2022 to meet the domestic coking coal demand projected in the National Steel Policy 2017.
- v. An Inter - Ministerial Committee (IMC) has been constituted in the Ministry of Coal on 29.05.2020 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 Mines, Ministry of Micro, Small & Medium Enterprises (MSME), Department for Promotion of Industry & Internal Trade (DPIIT), Central Electricity Authority (CEA), Coal Companies and Ports are members of this IMC. Eleven meetings of the IMC have been held so far. 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. Efforts are taken to ensure more domestic supplies of coal.

The following legislation/amendments have been made in making the country self-sufficient in coal production and reducing imports: -

1. Mineral Concession Rules (MCR), 1960 amended with a view to allowing sale of coal or lignite, on payment of additional amount, by the lessee of a captive mine up to 50 percent of the total coal or lignite produced in a financial year, after meeting the requirement of the end use plant linked with the mine. The allowance for sale prescribed quantity of coal or lignite shall motivate the captive lessees to enhance the production from the captive mines.

2. Enactment of Mineral Laws (Amendment) Act, 2020 on 13.03.2020 to enable the following:

- i. Allocation of coal blocks for composite prospecting license-cum-mining lease, which will help in increasing of the inventory of coal blocks for allocation.
- ii. Provided flexibility to the Central Government in deciding the end use of Schedule-II and Schedule-III coal mines under the Coal Mines (Special Provisions) Act [CMSP Act].
- iii. Companies which do not possess any prior coal mining experience in India can now participate in auction of coal blocks.

Accordingly, amendments have also been made to the CMSP Rules, 2014, Coal Block Allocation Rules, 2017 and MCR, 1960 in view of above amendments brought about in the Acts through the Mineral Laws

(Amendment) Act, 2020.

This information was given by Union Minister of Coal and Mines Shri G. Kishan Reddy in a written reply in Lok Sabha today.

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