

# Dependency of Coal Imports

Posted On: 07 AUG 2024 4:17PM by PIB Delhi

The thrust is on increasing domestic production. During 2023-24, in India domestic coal production increased to 997.26 Million Tonnes (MT) registering thereby a growth of 11.65% over last financial year (2022-23). In the current financial year till July 2024, coal production was 321.41 MT registering 9.6% growth compared to the same period of last financial year. However, as per the existing import policy, coal is kept under the Open General License (OGL) and consumers are free to import coal from the source of their choice as per their contractual agreement on payment of applicable duty. Government has initiated several measures to ramp up domestic coal production and to substitute coal imports.

**(i)** The Annual Contract Quantity (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 Washery Developer and Operator (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.

**(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.

**(vi)** The following steps have been taken by the Government to boost the production of coal:

- 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

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

\*\*\*\*\*

**Sunil Kumar Tiwari**

(Release ID: 2042651)