

Government of India

Ministry of Coal

Shastri Bhawan,

New Delhi, the 7th March, 2025

Subject: Public Consultation on Coal Trade Exchange

The recent policy reforms in the coal sector are contributing towards self-sufficiency and increased coal availability in the Country with substantial volumes expected to come from the commercial coal miners and captive coal block holders, apart from enhanced production from Coal India Limited (CIL) & Singareni Collieries Company Limited (SCCL). Coal production in the country is poised to reach new heights with the country expecting to produce 1 Billion Tonne by 2024-25 and likely to grow beyond 1.5 BT by 2030. With the increased availability of domestic coal in the country, it is envisaged that there would be a paradigm shift towards a surplus coal scenario and resultantly the coal sales scenario is expected to undergo a major change from the existing mechanisms of coal sales channels, necessitating a major market reform backed by a Regulatory mechanism.

2. Therefore, in the scenario of increased availability of domestic coal in the country, there is a necessity to introduce further reforms in the coal sector with focus on promoting competitive markets for sale of coal.

3. The current coal sales channels in the country are specific to the Government owned coal companies (CIL & SCCL). A need is therefore felt to provide a platform i.e. Coal Trading Exchange (CTE), to also allow commercial / captive miners (for surplus coal) a ready access to market their produce. The Public Sector coal companies may also use this platform. CTE shall facilitate trading of coal as a commodity. The CTE is envisaged to lead to a 'many-to-many' platform where both buyers and sellers can bid simultaneously, thereby, making price discovery of coal more efficient and competitive. Thus, the Coal Trading Exchange would lead to a paradigm shift by transforming the coal sales model in the country from a 'One-to-Many' model to 'Many-to-Many' model. Besides, it is envisaged that the CTE shall provide for clearing & settlement systems where the Exchange shall act as a counterparty.

4. The different commodity exchanges operating within India or internationally, are being regulated by a Regulator. Ministry of Coal proposes to empower the Coal Controller Organization (CCO) as the regulator for the CTE (s) to be established in the country. Legislative support is required for setting up of Exchange, and providing for the Ministry of Coal to oversee and regulate the Exchange operations and issue the related Rules. The legislative intervention in this regard is proposed to be in the nature of an amendment to the Mines and Minerals (Development & Regulations) Act, 1957 by inserting the definition of 'Coal Trading Exchange' and a new clause in Section 18 (2) for framing of Rules by the Central Government for the regulation of coal trading and coal market. The proposed amendments in

the MMDR Act shall pave the way for notification of Rules by the Ministry of Coal to provide for licensing/authorization of exchange operations and empowering the CCO as Coal Regulator for guiding the Exchange operations; regulation of CTE by the CCO and formulation of bye-laws by the Exchange Operator. The prospective Exchange operators can apply under these Rules and get authorization from the Coal Controller for setting up of an Exchange. The operations of the CTE would broadly be guided by the Regulations made by the CCO. Post authorization, the exchange operator would subsequently set up & operationalize the exchange along with issuing of market rules and bye laws.

5. All the stakeholders are requested to send their comments / suggestions through email in MS-Office Word Format to the following email id before 06.04.2025.

socpd.moc@nic.in

The subject of the email should clearly mention ‘Comments / suggestions on the proposed Coal Trade Exchange.

6. Alternatively, comments / suggestions may also be addressed to the Under Secretary, CPD Section, Ministry of Coal, Government of India, Shastri Bhawan, New Delhi – 110001. The envelope may be superscribed with “Comments / suggestions on the proposed Coal Trade Exchange.