Commercial Coal Mining in India

Prelims: *Current events of national and international importance | Energy*

Why in News?

- The domestic coal production crossing **one billion tonnes for 2 consecutive years** and private sector participation expanding significantly since the launch of commercial coal auctions in 2020.
- Coal meets nearly **55%** of the country's primary energy requirements and contributing more than **70%** of electricity generation.
- India possesses the ***world's 5th-largest coal resources*** and is the second-largest producer and consumer of coal globally.
- Around 5 lakh mine workers are engaged in coal production across more than 350 mines.
- The **Coal Mines (Special Provisions) Act, 2015** subsequently established a statutory framework for the reallocation of coal blocks through transparent auctions.
- In 2020, the commercial coal mining was launched.
- The reform allowed companies to sell coal freely to any consumer at market-determined prices, removing the earlier restriction that coal could only be used for captive purposes.
- The new regime also replaced the fixed per-tonne payment system with a revenue-sharing model under which successful bidders pay the government a percentage of their revenue linked to the National Coal Index.
- It also allows 100 per cent foreign direct investment through the automatic route.

Reference

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