

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.

COMMERCIAL COAL MINING FUELLING INDIA'S JOURNEY TOWARDS AATMANIRBHAR BHARAT

Commercial coal mining reforms are powering India's energy security, boosting production, attracting investment and creating jobs.



Coal meets close to 55% of India's primary energy needs



Fuelling more than 70% of electricity generation



India holds the world's 5th largest coal resource (about 4,00,715 MT)



Around 5 lakh mine workers across more than 350 mines



Domestic coal production crossed
1 BILLION TONNES
for two consecutive years

1047.52 MT in FY 2024-25 | 1040.08 MT in FY 2025-26

A TRANSFORMATIVE REFORM JOURNEY



2014:
Supreme Court cancelled 204 of 218 coal block allocations made between 1993-2012



2015:
Coal Mines (Special Provisions) Act, 2015 provided statutory framework; first auction tranche launched in Dec 2014



2015-2020:
10 auction tranches and 9 allotment rounds restored 76 coal mines to production



18 JUNE 2020:
Commercial coal mining launched under PM Modi's vision and Aatmanirbhar Bharat mission

COMMERCIAL COAL MINING AT A GLANCE (SINCE JUNE 2020)



141 coal mines auctioned across 14 rounds



Combined peak rated capacity of 366.35 MT per annum



Average revenue share discovered 24.17% (6 times the 4% floor)



123 mines awarded to private players



44 successful bidders were new entrants in coal mining

RISING PRODUCTION, GROWING IMPACT



Captive & commercial blocks produced 210.46 MT in FY 2025-26 (crossed 200 MT mark for the first time)



A decade ago (FY 2014-15): 28.83 MT



Compound annual growth of ~22%



Commercial mines produced ~26.12 MT in FY 2025-26 (23 mines operational)

STRONG RETURNS, STRONGER INDIA



At full production, expected annual revenue: ~₹47,000 crore



Expected capital expenditure: ~₹48,756 crore



Employment generation: ~4.75 lakh



Revenue from premium generation grew from ₹461 crore (FY 2014-15) to ₹5,553 crore (FY 2025-26) – a CAGR of ~26%



EASE OF DOING BUSINESS & FASTER CLEARANCES



Operationalisation timeline reduced:

51 → 40
months months
for fully explored blocks

66 → 52
months months
for partially explored blocks
(Effective from date of auction awards)



EVERY COMMERCIAL COAL BLOCK SINCE JUNE 2020 HAS BEEN AWARDED THROUGH OPEN AUCTION

Transparency. Competition. Level playing field.

Strengthening Energy Security. Powering Industries. Building Aatmanirbhar Bharat.

Reference

[PIB | Commercial Coal Mining](#)



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