

India's Underground Coal Mining Gets a Major Boost with New Incentives by Ministry of Coal

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In a decisive step towards revitalizing India's coal sector, the Ministry of Coal has introduced a series of transformative policy measures aimed at promoting underground coal mining. These bold reforms address the traditional challenges of high capital investment and longer gestation periods, reaffirming the Government's resolve to modernize the coal ecosystem while aligning with the broader vision of sustainable development.

To accelerate the growth/ Operationalization of underground coal mining, the Ministry of Coal has introduced a robust package of incentives:

1. **Reduction in Floor Revenue Share:** The floor percentage of revenue share for underground coal mines has been reduced from 4% to 2%. This targeted reduction offers substantial fiscal relief and enhances the financial viability of underground projects.
2. **Waiver of Upfront Payment:** The mandatory upfront payment requirement for underground mining ventures has been completely waived off. This measure removes a significant financial barrier, encouraging broader participation from the private sector and facilitating faster project implementation.

These incentives are further complemented by an existing 50% rebate on performance security for underground coal blocks, collectively lowering the entry threshold and facilitating smoother project implementation.

The Ministry's reform-oriented approach underscores its commitment to fostering a future-ready, investment-friendly, and innovation-driven coal sector. By incentivizing underground mining, the Government is not only catalyzing economic growth but also driving the industry toward greater efficiency, safety, and employment generation.

Underground coal mining is inherently more environment-friendly, as it causes significantly less surface disruption compared to opencast operations. These policy measures are expected to encourage the adoption of advanced technologies—such as continuous miners, longwall systems, remote sensing tools, and AI-based safety mechanisms—which will boost productivity while ensuring ecological balance.

These forward-leaning reforms mark a strategic shift toward cleaner and more sustainable coal extraction practices. They are poised to unlock the vast untapped potential of underground mining in India, fostering innovation, reducing carbon emissions, and contributing meaningfully to the nation's energy security and Atmanirbhar Bharat objectives.

With this visionary roadmap, the Ministry of Coal is not only reshaping the future of coal mining but also reaffirming its role as a catalyst in India's journey toward self-reliant and environmentally responsible industrial growth.

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