Ministry of Coal

Efforts to Reduce Coal Import Dependency

Posted On: 21 JUL 2025 3:06PM by PIB Delhi

The 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 prices on payment of applicable duties. The steps taken by the Government to reduce coal import dependency are as under:

i. The Annual Contracted Quantity (ACQ) has been increased upto 100% of the normative requirement, in cases where ACQ was either reduced to 90% of normative requirement (non-coastal power plants) or where ACQ was reduced to 70% of normative requirement (coastal power plants). Increase in ACQ would result in more domestic coal supplies, thereby, reducing import dependency.

ii. Vide 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. Increase in tenure of 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 Power Purchase Agreement (PPA) requirement of all the existing linkage holders of Power Sector shall be made available by the coal companies irrespective of the trigger level and ACQ levels. This 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. An Inter - Ministerial Committee (IMC) was constituted in the Ministry of Coal on 29.05.2020 for the purpose of coal import substitution. On directions of IMC, an Import Data System has been developed by Ministry of Coal to enable the Ministry to track import of coal. As per Foreign Trade Policy governing import of goods, coal is freely importable without any restrictions. However, with effect from December, 2020, the same has been revised from “Free” to “Free subject to compulsory registration in Coal Import Monitoring System (CIMS) Portal”. Efforts are being made on a continuous basis to ensure more domestic supplies of coal. Thus, the entire substitutable imported coal is expected to be met by the country and no import other than the very essential should happen. A Strategy Paper on Coal Import Substitution has been released.

v. A new sub-sector ‘Steel using Coking coal through WDO route’ has been created in March, 2024 under the NRS linkage auctions which shall lead to increase in the domestic coking coal consumption and shall increase the availability of washed coking coal in the country, thereby, reducing coking coal imports.

vi. Coking Coal Mission has been launched to enhance coking coal supply to the Steel Sector to reduce imports of coking coal. Initiatives have been taken to enhance coking coal production.

vii. Imported Coal Based (ICB) Plants have been allowed to secure coal under the Revised SHAKTI Policy, 2025. The coal availability for ICB Plants under the Revised SHAKTI Policy is expected to reduce the dependence of these ICB plants on the imported coal.

viii. Existing Fuel Supply Agreement (FSA) holders have been allowed to secure coal under the Revised SHAKTI Policy, 2025 after procuring 100% of the ACQ coal under existing FSA. Coal availability beyond the ACQ to the existing FSA holders will benefit the power producers to meet the full requirement of the power plants.

The steps taken by the Government to increase the coal production in the country are as under:

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 Management Unit (PMU) 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. Further, 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.

In addition to the above, coal companies have also taken the following steps to increase domestic coal production:

i. Coal India Limited (CIL) has adopted a number of measures to increase coal production. In its Underground (UG) mines, CIL is adopting new and modern technologies like Mass Production Technologies (MPT) with the deployment of Continuous Miners (CMs), Longwall (LW) and Highwall (HW) wherever feasible. In its Opencast (OC) mines, CIL already has State-of-the-Art technology in its high-capacity Excavators and Dumpers. Standardization of Heavy Earth Moving Machinery (HEMM) has been done in opencast mines. Surface Miners are also deployed in opencast mines for efficient and eco-friendly mining. Digital transformation has been implemented on pilot scale in 7 of its mega mines.
ii. Regular liaison is being undertaken by Singareni Collieries Company Limited (SCCL) for expediting the grant of permissions and clearances for grounding of new projects and operation of existing projects. SCCL has initiated action for developing infrastructure for evacuation of coal like Coal Handling Plants (CHPs), Crushers, Mobile Crushers, Pre-weigh-bins etc.

During the FY 2024-25, total coal imported in the country was 243.62 Million Tonnes (MT), whereas, in FY 2023-24, it was 264.53 MT. Due to reduction of around 20.91 MT in coal imports, there has been a Forex saving of around ₹ 60,681.67 Crores during the FY 2024-2025 compared to FY 2023-24.

Most of the requirement of coal in the country is met through indigenous production/ supply. Ministry of coal has set an ambitious domestic coal production target of about 1.5 BT by FY 2029-30. The focus of the Government is on increasing the domestic production of coal and to reduce non-essential coal imports. Ministry of Coal has launched the Coal Logistic Plan and Policy in February, 2024 to develop infrastructure for efficient coal evacuation in the country considering increased coal production projection by FY 2029-30.

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

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(Release ID: 2146340)