



India's Coal Boom

Policies, Production, and Investments

Ministry of Coal

February 10, 2025

Introduction

With the **fifth-largest geological coal reserves globally** and as the **second-largest consumer**, coal continues to be an indispensable energy source, contributing to **55%** of the **national energy mix**. Over the past decade, **thermal power**, predominantly fueled by coal, has consistently accounted for more than **74% of our total power generation**. Despite commendable strides in promoting renewable energy sources, the sheer growth in electricity demand necessitates a continued reliance on thermal power, with projections indicating its share to be **55% by 2030** and **27% by 2047**. It is anticipated through comprehensive studies that coal demand in 2030 will likely reach **1462 MT** and **1755 MT by 2047**.

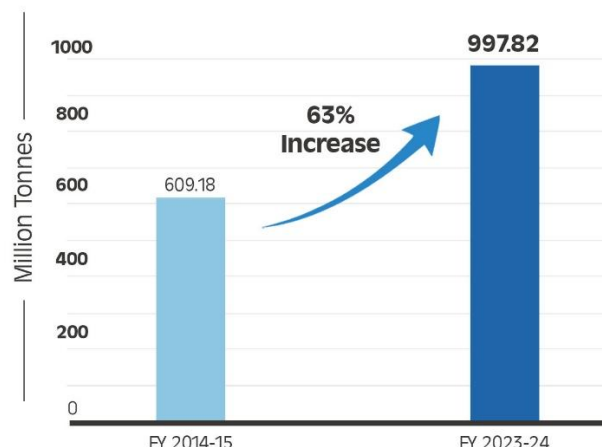
Growth of the Coal Sector in December 2024

As per the **Index of Eight Core Industries (ICI)**, the **coal sector** registered the **highest growth of 5.3%** in **December 2024**, reaching **215.1 points** compared to **204.3 points in December 2023**. During **April-December 2024**, the coal industry index increased to **177.6 points from 167.2 points** in the previous year, marking a **6.2% growth—the highest among all core industries**.

The **Combined Index of Eight Core Industries** showed an overall growth of **4.0% in December 2024** compared to the previous year. The index for **April-December 2024** increased by **4.2%** over the same period in **FY 2023-24**, emphasizing **coal's significant contribution to industrial expansion**. Additionally, the coal sector accounts for about **50% of freight revenue** for Indian Railways and provides **direct employment** to nearly **4.78 lakh individuals**.

India's Coal Production

(Numbers in Million tonnes)



India's coal production has reached an **all-time high** of **997.82 million tonnes (MT)** in FY 2023-24, marking a significant rise from 609.18 MT in FY 2014-15, with a **Compound Annual Growth Rate (CAGR)** of **5.64%** over the past decade. In FY 2023-24 alone, production has surged by **11.71%** compared to the previous year. **Coal India Limited (CIL)** remains the dominant producer, while **SCCL and Others/Captive sources** have also shown consistent growth, particularly in the last three years.

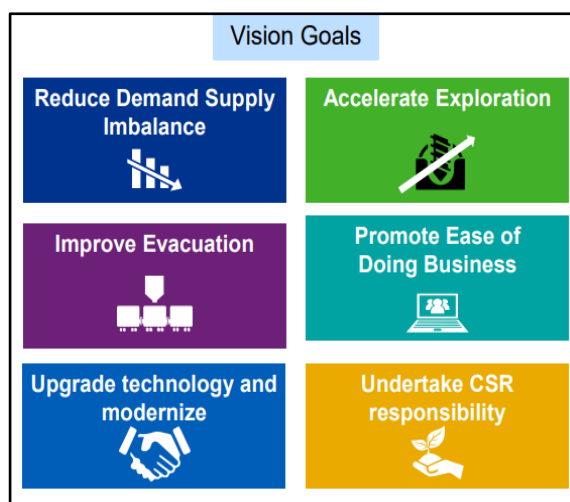
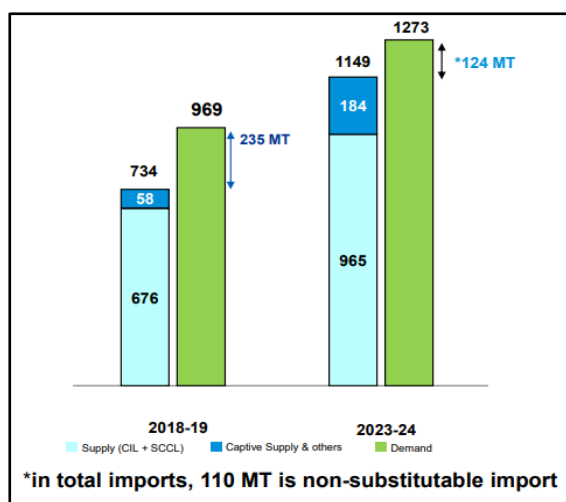
State Governments also **benefit significantly** from coal revenues, with royalty, District Mineral Foundation (DMF) contributions, and State GST collections amounting to **₹31,281.7 crore** in the fiscal year **2023-24**.

Dispatch of Coal

The cumulative coal dispatch April 2024 to January 2025 has risen to **843.75 MT**, marking **5.73% increase** from **798.02 MT** recorded during the corresponding period of the previous year. **Mine opening permissions** were granted for **three new mines—Bhaskarpara, Utkal E, and Rajhara North (Central and Eastern)**. The Ministry of Coal remains committed to augmenting domestic production, reducing import dependence, and ensuring energy security for India.

Indian Coal Sector Achieves Significant Import Reduction in FY 2023-24

The **Indian coal sector** significantly reduced its **import dependency in FY 2023-24**, with only **110 MT** classified as **non-substitutable imports**, by increasing **domestic coal production**. Between **April and November 2024**, coal imports **declined** by **5.35%**, saving approximately **\$3.91 billion (₹30,007.26 crore)**. Notably, coal imports for **domestic power plant blending** fell by **23.56%**. Supply from **CIL and SCCL, along with captive sources, rose from 734 MT (2018-19) to 1149 MT (2023-24)**, while demand reached **1273 MT**. Additionally, **private sector coal production increased from 58 MT to 184 MT**, further strengthening India's **energy self-sufficiency**.



This decrease in imports and increase in domestic supply is enabled by various efforts of the government. The Ministry's **'Mission Coking Coal'** launched in **2022**, aims to increase domestic coking coal production to **140 MT** by FY **2029-30**, thereby reducing dependency on imports in the steel sector. Other key strategies such as **promoting commercial mining, expediting production from allocated blocks, and enhancing regional exploration (2525 sq. km by 2024)** also play a crucial role. The introduction of the **National Coal Mine Safety Report Portal** and the **Mine Closure Portal** ensures responsible and transparent mining practices. The Ministry is considering the establishment of a **Coal Trading Exchange** to create a competitive and transparent market, further modernizing the sector.

As of **January 2025**, the Ministry of Coal has allotted **184 mines**, with **65 blocks** receiving **Mine Opening Permissions**. Total production from these blocks has reached **136.59 MT**, registering a **34.20%** year-on-year increase. This is expected to exceed **170 MT** target in **FY 2024-25**.

Financial Incentive Scheme for Coal Gasification

The Cabinet approved the scheme for promotion of Coal/Lignite Gasification Projects of Government PSUs and Private Sector, in January 2024. With a **financial outlay of ₹8,500 crore**, the scheme will provide Financial Assistance for coal gasification projects under three categories and aims to **accelerate coal gasification, reduce carbon emissions, enhance energy security, and promote sustainable development**.

The scheme encourages both private companies and government PSUs to undertake coal gasification projects. For **Category I**, three applicants, Namely **Bharat Coal Gasification and Chemicals Limited, CIL – GAIL Consortium and Coal India Limited** were selected to be given Financial Incentives. New Era Cleantech Solution Private Limited was selected under Category III to be provided with Financial Incentive. The **Request for Proposals (RFP) for Category-II** was issued on **May 15, 2024**, and **technical bids were opened on January 10, 2025**. The selected applicants for **financial incentives under Category-II** are **Jindal Steel and Power Limited, New Era Cleantech Solution Pvt. Ltd. and Greta Energy Limited**.

This initiative is a crucial part of **India's target to achieve 100 million tonnes of coal gasification by 2030**, reflecting a shift towards advanced coal utilization technologies.

Strengthening Coal Supply Chains

To ensure **uninterrupted coal supply**, robust institutional mechanisms have been put in place, including an **Inter-Ministerial Committee** and coordination meetings with **Railways and power sector stakeholders**. As a result, coal stock at Thermal Power Plants now stands at **49 MT**—sufficient for **nearly 21 days**, even amidst logistical restrictions during the Maha Kumbh period.

To further enhance supply efficiency, the Ministry has launched the **First Mile Connectivity (FMC)** initiative, commissioning **39 projects** with a total capacity of **386 MTPA**. Additionally, the **Rail-Sea-Rail (RSR)** mode has successfully doubled coal movement from **28 MT** in FY 2022 to **54 MT** in **FY 2024**.

Vesting Orders for Commercial Coal Mines

A landmark policy reform came with the introduction of commercial coal mine auctions in 2020, encouraging private sector participation and modern technological adoption. The **Ministry of Coal** has recently issued **vesting orders for seven coal mines under commercial coal mine auctions**. The **Coal Mine Development and Production Agreements (CMDPA)** for these mines were signed on **December 5, 2024**.

With the vesting of these mines, a **total of 107 coal mines** have been auctioned under **commercial coal mine auctions**, with a **cumulative PRC of approximately 246.60 MTPA**, generating estimated **annual revenue of ₹34,000 crore** and employment for about **3,33,000 people**.

Chintan Shivir 2.0: Deliberations on Energy Transition and Safety

The **Ministry of Coal** organized **Chintan Shivir 2.0** on **January 7, 2025**, focusing on **coal sector reforms, energy transition, and safety measures**. The forum underscored the importance of **aligning coal mining with global sustainability goals and prioritizing worker safety**. The discussions held emphasized on:

- **Enhancing production while integrating cleaner technologies**
- **Reducing carbon emissions through coal gasification**
- **Adoption of best practices for sustainability**

- **Strengthening safety standards in mining operations**



The coal sector is embracing sustainability with **large-scale afforestation efforts**, with over **54.06 lakh saplings** planted across **2,372 hectares** in **2024**. Under the ‘**Ek Ped Maa Ke Naam**’ campaign, **over 1 million saplings** were planted at **332 locations** in **11 states**. Additionally, **4,695 hectares** of land have been identified for **Accredited Compensatory Afforestation**, and a total of **18,513 LKL** of **treated mine water** has been provided to **over 18.63 lakh people** across **1,055 villages** over the past **five years**.

Workforce in the Coal Industry

The **total workforce** in major coal companies under the Ministry of Coal is:

- **Coal India Limited (CIL): 3,30,318 employees**
- **Singareni Collieries Company Limited (SCCL): 40,893 employees**
- **NLC India Limited (NLCIL): 20,811 employees**


Mining operations follow **stringent safety regulations** under the **Mines Act, 1952**, including **risk assessment, safety training, and medical screenings**. **Extensive healthcare services** are provided to workers, with **regular health check-ups** to prevent occupational diseases.

Central Sector Schemes of the Ministry of Coal

The **Ministry of Coal** administers **three key schemes**:

1. **Exploration of Coal and Lignite** – Identifies and categorizes coal/lignite resources, generating geological reports for **auction/allocation**. Promising areas undergo **detailed exploration** to upgrade resources to the ‘**Proved**’ category.
2. **Research & Development (R&D)** – Overseen by the **Standing Scientific Research Committee (SSRC)**, focusing on **planning, budgeting, and implementing research projects** for sector advancements.
3. **Conservation, Safety & Infrastructure Development** – Under the Conservation and Development Act (CCDA), funds are provided for sand stowing, protective works, transport infrastructure, and mining safety improvements.

The table below highlights the **budget allocation** and **expenditure** for Central Sector Schemes in the coal sector for **2023-24**, with a total outlay of **₹843.5 crores** and an expenditure of **₹299.09 crores**.

 Central Sector Schemes (In Crores)(2023-24)	
Name	Outlay/ Expenditure
1. Exploration of Coal and Lignite	730/ 275.13
2. R & D	21/ 10.13
3. Conservation, Safety and Infra. Devp in Coal Mines	92.5/ 13.83
Total	843.5/ 299.09

Source : PFMS/MoC

Conclusion

The **coal sector's remarkable growth** highlights its ability to meet the increasing demand **from the** energy and manufacturing industries. With initiatives like **coal gasification**, the sector is advancing toward **India's goal of achieving 100 MT of coal gasification by 2030**, promoting cleaner and more efficient energy use.

The Ministry of Coal remains steadfast in its commitment to boosting domestic coal production, reducing import dependency, and ensuring national energy security. **As a key driver of economic progress**, the sector continues to play a **crucial role in the realization of Viksit Bharat**, contributing to a **self-reliant and developed India**.

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Santosh Kumar | Sarla Meena | Anchal Patiyal