

# Coal Mining

**Private commercial mining: A new growth engine for India's coal production**

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## 1 Evolution of India's private commercial coal mining sector



## 2 Coal block auctions support future coal supply growth



## 3 Import substitution backed by quality enhancement through coal washeries



## 4 Policy support required for operational and regulatory challenges



## 5 Commercial coal mining emerging as a key driver of future coal supply



## 6 Conclusion





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*The Government of India (GoI) continues to expand the commercial coal mining pipeline through successive auction rounds, with the latest round (14<sup>th</sup> tranche) offering 41 mines across key coal-bearing states. The tranche includes ~5.3 billion tonnes of resources and ~35 mtpa of peak annual capacity (only from explored blocks), supporting incremental domestic coal supply over the medium term.*



- India's coal sector has transitioned from captive allocation to a competitive auction-based framework, enabling commercial mining in India. Key reforms such as Mineral Laws (Amendment) Ordinance, 2020, removal of end-use restrictions and introduction of revenue-sharing auctions linked to the National Coal Index have enabled market-driven participation. Since June 2020, about 136 coal blocks have been auctioned in the commercial coal mine route.



- Private participation in coal block auctions has been moderate with an average bid success rate of 25%, reflecting selective bidding based on block quality and market conditions. However, the exploration profile of the auctioned mines remains supportive, with nearly ~62% classified as G1 category mines (explored) and ~26% as G2 category mines (partly explored), indicating stronger reserve visibility and relatively low development risks.



- Coal production from the auctioned commercial blocks remains limited now due to long mine development timeliness of 4-5 years and other operational challenges. The operational mines increased to ~9 in FY2025 from 2 in FY2022, with the production reaching ~24 million MT (mmt). Once operationalised, the auctioned 136 mines will together have ~325 mmt of peak annual capacity, supporting domestic coal production.



- Commercial coal block auctions have largely been concentrated in mineral-rich states such as Chhattisgarh, Jharkhand, Odisha and Madhya Pradesh. The revenue-sharing bids have remained measured, with ~69 mines bid below 20% revenue share, indicating disciplined participation aligned with project viability. Also, the profile of the coal mine grades reflects a broad-based mix catering to both the power and the non-power sectors.



- Coal demand in India is expected to remain strong, rising at a CAGR of around 7% over the next five years till FY2030, primarily driven by power generation and rising consumption from industrial sectors such as cement and steel. Domestic coal production is projected to increase steadily to ~1,500 mmt by FY2030. Within this, the captive and commercial coal mine segments are expected to grow faster (CAGR of 9-10%) compared to an industry CAGR of ~6%, supporting incremental domestic supply and moderating coal import dependence.



- The mining developer and operator (MDO) model is being increasingly adopted to accelerate mine development and improve efficiency. Coal India Limited (CIL) has identified mines with ~250-mmt peak capacity under the MDO route (~30% of current CIL production). Simultaneously, improving the capacity utilisation of the coal washeries will be important to enhance coal quality and reduce imports.



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