

# Coal Newscast

9<sup>th</sup> January 2020

## Contact:

### Madan Sabnavis

Chief Economist  
<mailto:madan.sabnavis@careratings.com>  
91-22-68374433

## Author

### Rashmi Rawat

Deputy Manager-Industry Research  
[rashmi.rawat@careratings.com](mailto:rashmi.rawat@careratings.com)  
91- 22-68374407

### Mradul Mishra (Media Contact)

[mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)  
91-22-68374424

*Disclaimer: This report is prepared by CARE Ratings Ltd. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report*

## Centre opens up coal sector, removes end-use restrictions on coal mines



The Union Cabinet on 8 January 2020, opened up coal sector for commercial coal mining to firms other than those in the steel and power sectors and removed end-use restrictions on the fuel. The ordinance allows any India-registered company to bid and develop coal blocks. This was done by approving the promulgation of Minerals Law (Amendment) Ordinance 2020 to amend Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and Coal Mines (Special Provisions) Act, 2015 and Mines and Minerals Development Act, 1957 (CMSP Act).

The ordinance will amend the current provision that allows only companies engaged in iron and steel, power and coal washing sectors to bid for coal mines. Also, earlier, coal produced from coal mines could be used only for the designated captive purpose and was not allowed to be traded in the open market. These restrictions have now been removed. The amendment to the CMSP Act will allow companies that do not have plants to consume the coal to bid for the coal mines.

### Likely Impact:

- The opening up of coal sector for commercial coal mining is expected to encourage private players to participate in the auctions to be held to reallocate the captive coal blocks that were cancelled by the Supreme Court in 2014. This could however be limited in the longer term by the move towards clean energy which can evoke constrained interest by new players.
- 204 coal blocks meant for captive use were cancelled by the Supreme Court in 2014. So far, out of 204 only 29 coal blocks have been auctioned. End-use restrictions were believed to be the reason for low participation in the auction process of these coal mines. With the removal of these restrictions, the Centre proposes to start with the first phase of commercial coal auctions within this financial year.
- The move is likely to boost domestic coal production and reduce imports. Despite having the fourth largest coal reserves in the world, India's coal imports has been rising to meet the growing demand. Production for first 9 months of the year was 480 mn tonnes as against 498.5 mn tonnes last year. Coal imports rose from 190 million tonnes in FY17 to 235 million tonnes in FY19. They were 144 mn tonnes in the first 7 months of FY20.
- This will be beneficial to all the user industries too.

[www.careratings.com](http://www.careratings.com)

Follow us on  [/company/CARE Ratings](https://www.linkedin.com/company/CARE-Ratings)  
 [/company/CARE Ratings](https://www.youtube.com/channel/UC...)

**CORPORATE OFFICE:**

**CARE Ratings Ltd.** CIN: L67190MH1993PLC071691

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)