

**GOVERNMENT OF INDIA
MINISTRY OF COAL
RAJYA SABHA
UNSTARRED QUESTION No. 689
TO BE ANSWERED ON 29.07.2024**

Production of coal

689. SHRI ASHOKRAO SHANKARRAO CHAVAN:

Will the Minister of **Coal** be pleased to state:

- (a) whether Government has set any target for production of coal by enhancing domestic capabilities for the coming financial year to reduce dependency on import, if so, the details thereof;
- (b) whether Government has prepared any policy to facilitate washery route for coking coal to provide washed coking coal to steel industry and reduce steel sector's reliance on foreign coal, if so, the details thereof;
- (c) whether Government is also planning to set up coal gasification plants both at private and public sectors; and
- (d) if so, the details thereof and funds sanctioned and released by Government for the said purpose?

Answer

**MINISTER OF COAL AND MINES
(SHRI G. KISHAN REDDY)**

(a): Most of the demand of coal in the country is met through indigenous production/supply. The actual demand for coal increased to 1233.86 Million Tonnes (MT) in 2023-24 from 1115.04 MT in 2022-23. As against the increased coal demand, domestic coal production has also increased. In 2023-24, the domestic coal production increased by 11.65% to reach 997.26 MT from 893.19 MT in 2022-23.

In order to meet future demand of coal through indigenous sources and to reduce non-essential import of coal, domestic coal production is expected to grow by 6-7% annually in next few years to reach about 1.5 billion tonne by 2029-30

(b): Considering the decline in the performance of the washeries of Coal India Limited and the burgeoning demand of the washed coking coal in the Steel Sector, Government has taken the route of monetization of the old washeries for enhancing the washed coking coal capacity. In line with this, Government has approved creation of a new sub-sector under the Non-Regulated Sector linkage auctions with the nomenclature of 'Steel using Coking coal through WDO route'. Creation of the new sub-sector with the assurance for long term coal linkage from the identified mines for the entire term of the contract period shall lead to monetization of coking coal washeries, thereby increasing the availability of washed coking coal in the country. It is also expected that the new sub-sector will lead to enhanced domestic coking coal consumption in the Steel Industry in the country.

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To substitute Import of Coking Coal, the current domestic blending of coking coal by steel sector to be increased from present 10-12% to 30-35%. Accordingly, Ministry of coal has launched Mission Coking Coal in FY22 to meet the domestic coking coal demand projected in National steel policy 2017. Following transformative measures taken by Ministry of Coal under 'Atmanirbhar Bharat' initiative of PM, domestic raw Coking Coal production is likely to reach 140 MT by 2030.

(c)&(d): The Government of India has approved a Financial Support Scheme with ₹8500 crore outlay as viability gap funding to promote setting up of Coal/Lignite Gasification Projects for both PSUs and the private sector. The approved scheme covers projects under three categories with a total incentive payout of ₹8500 crores.

- **Category I**, with a provision of ₹4050 crores, is for Government PSUs. They can submit proposals for funding assistance, and three selected projects will receive a maximum grant of ₹1350 crores or 15% of project cost, whichever is lower as VGF.
- **Category II**, with ₹3850 crores, is available to both private sector and government PSUs with a maximum grant of Rs 1000 crores or 15% of project cost, whichever is lower as VGF.
- **Category III**, allocates ₹600 crores for demonstration or small-scale projects with maximum outlay per project of Rs 100 crores or 15% of project cost, whichever is lower.
