

India Achieves Major Success in Coal Import Reduction Despite Increase in Power Demand

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India is the world's third largest energy consuming country and electricity demand grows by 4.7% each year. To reduce the dependence on imports of coal, major reforms have been carried out by the Ministry of Coal with the vision of "Atma Nirbhar Bharat". The Ministry has also amended the Mineral Concession (Amendment) Rules, 1960 under MMDR (Amendment) Act, 2021 to allow lessee of captive mines to sell coal or lignite up to 50% of the total excess production after meeting the requirements of the end-use plant. With this amendment, MoC has paved the way for releasing of additional coal in the market by greater utilization of mining capacities of captive coal blocks which has led to increase in production of coal by

36.06% from 39.15 MT upto Nov 19* to 53.27 MT during corresponding period of FY 22. The reforms have led to an increase in domestic production of coal by 9.01% and the overall coal production rose at 447.54 MT upto November 21 as compared to 410.55 MT in the corresponding months of FY 20.

With increase in domestic production of coal, we have achieved significant reduction in import of coal despite surge in power demand. The coal based power generation upto November 2021 is 671.906 BU (Billion Units) with an increase of 5.17% over generation of 638.82 BU during the corresponding period of FY 20. Imported coal based power generation which was 61.78 BU during April to Nov 2019 has reduced by 51.38% to 30.036 BU during corresponding months of current FY 22. Imports of all grades of Non Coking Coal has reduced to 107.36 MT during the period April to November 2021 from a level of 131.51 MT during the corresponding months of the FY 20, leading to a decline of about 18.36%.

The import of Non Coking coal primarily used in power sector has decreased by 57.59% from 46.53 MT to 19.73 MT upto Nov, 2021 in comparison to the same period of FY 20 which has opened the doors to become self-reliant in coal production. The overall import of coal has also reduced to 147.14 MT in the period from April to November 2021 compared to 165.57 MT during the corresponding period of FY 20, a decrease of about 11.13% which has resulted in significant savings of forex reserves this year especially when the coal prices are at a high level in the international market. The government is continuing all efforts to further enhance the coal production in the country as availability of additional coal will aid in import-substitution of coal.

The financial year 2020 -21 is not being taken for comparison purpose due to industrial production getting severely affected during the year because of Covid-19 related restrictions.

MV/RKP

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