

Economic significance of the Coal Sector Extends Beyond Energy Production

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As the cornerstone of our energy basket, coal remains indispensable, contributing to over half of our primary energy needs and serving as the backbone of our industries. Over the past decade, thermal power, predominantly fueled by coal, has consistently accounted for more than 70% 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.

The economic significance of the coal sector extends beyond energy production, manifesting in various facets:

Single largest contributor to Railway Freight: Coal stands as the single largest contributor to railway freight, with an average share of nearly 49% of total freight income amounting to Rs. 82,275 Crore in the fiscal year 2022-23 alone. This revenue contribution has surpassed 33% of total railway earnings, showcasing the sector's substantial influence on India's transportation network.

Government Revenue: The coal sector contributes over Rs. 70,000 Crore annually to the central and state governments through royalties, GST, and other levies. These funds play a crucial role in fostering socio-economic development and infrastructure enhancement in coal-producing regions. Coal production generates substantial revenue for both Central and State Governments, with royalty collections reaching Rs. 23,184.86 Crore in the fiscal year 2022-23.

Additionally, contributions to the District Mineral Fund, National Mineral Exploration Trust, and GST further bolster government finances, supporting socio-economic and infrastructure development initiatives. During FY 2022-23 total of 5430.25 Cr have been collected and utilized for the development of coal producing districts. Furthermore, during 2022-23, Rs 364.38 Crore has been collected for NMET and Rs 6899.42 Crore has been collected as GST in same period.

Employment: The coal sector provides enormous employment opportunities, particularly in coal-producing districts of Eastern States. With over 239,210 employees in Coal India Ltd and its subsidiaries, supplemented by contractual workers and outsourcing engagements, the sector sustains livelihoods for thousands of families. Additionally, over 65,000 contractual workers are engaged in mining operations with CIL and 37,000 workers are engaged through outsourcing for security, driver and housekeeping. With an average 24,000 trucks are engaged in coal transportation supporting 50,000 people and 30,000 workers are engaged in captive/commercial coal mining companies contributing to job creation.

Dividend Payments: Coal India Ltd consistently contributes substantial dividends to the Central Government and has paid an average of Rs. 6,487 Crore annually over the past five years. The FY 2022-23 has seen a significant dividend payment of Rs. 9,475.85 Crore, highlighting the sector's financial stability and contribution to government revenues.

Corporate Social Responsibility (CSR): Coal sector PSUs prioritize CSR initiatives, with an average annual expenditure of Rs. 608 Crore over the past five years. Notably, Coal India Ltd alone has allocated an average of Rs. 517 Crore annually for CSR activities. Over 90% of the expenditure has been incurred on , socio-economic development focusing on healthcare, education, water supply and skill development in coal-producing regions.

Capital Expenditure: Substantial investments in capital expenditure, averaging Rs. 18,255 Crore annually

over the past five years, have facilitated infrastructure development and resource optimization within coal sector PSUs. This capital infusion stimulates economic growth and fosters a conducive environment for sustainable development.

As India continues its trajectory of growth and development, the coal sector remains a cornerstone of the nation's progress, driving economic prosperity, employment generation, and social well-being.

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