

Record Decline in the Share of Imported Coal in Total Consumption Over Past Five Years

Posted On: 29 FEB 2024 1:50PM by PIB Delhi

India, endowed with the fifth-largest coal reserves globally, stands as the second-largest consumer of coal, propelled by a fast-growing economy. The power sector alone is experiencing a compounded annual growth rate (CAGR) of around 7.5 % from FY 2021-22 to 2023-24 while other sectors exhibit similar momentum, driving the demand for coal.

In overall coal consumption spectrum, the unavailability of Coking coal and high-grade thermal coal within our reserves necessitates imports to meet the requirements of industries like steel etc. However, medium and low-grade thermal coal are abundantly available domestically, making it imperative for the country to sufficiently produce to fulfill domestic demand.

Over the past decade, concerted efforts to bolster coal production have yielded a positive trend. Notably, from 2004 to 2014, the CAGR of imported coal's share in the total consumption basket stood at 13.71%. Contrastingly, from 2014 to 2024, this figure plummeted to around -2.7%. The trend of coal imports over the past five years (excluding imports for imported coal-based thermal power plants), reveals a decline in the share of imported coal in the total consumption, showcasing a reduction from 21.05% in the previous fiscal year (Apr-Dec) to 19.38% in the corresponding period of the current fiscal year. This reduction translates to significant forex savings amounting to around Rs. 82264 crores.

In alignment with the esteemed vision of the Prime Minister, Shri Narendra Modi, the usage of advanced technology has significantly enhanced the production capacity of public sector undertakings. Notably, Coal India Limited has experienced a growth rate exceeding 10%. Furthermore, the transparent auction mechanism for coal blocks, devoid of end-use restrictions, has started yielding favorable outcomes. The consistent upward trajectory of coal production from captive and commercial sources over the past five years underscores an impressive CAGR of around 22.50%, a testament to the supportive role rendered by State Governments.

For the fiscal year 2024-25, domestic coal production is projected to reach 1111 MT, while domestic demand is estimated at 1290 MT. Consequently, the share of imported coal is anticipated to reduce below 15%, potentially yielding substantial forex savings.

With strategic focus on optimizing indigenous coal resources and leveraging innovative technological solutions, India continues its journey towards self-reliance or Atmanirbhar in energy security of the nation.

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(Release ID: 2010080)