

# ‘Reducing dependence on imported coal priority of govt’

Construction of Eastern Dedicated Freight Corridor will ensure adequate supply: Coal secy

**A** MID coal shortage in 2022, the government struggled to ensure adequate supplies to power companies, necessitating supply curbs to other sectors. However, 2023 turned out to be a good year for coal production, with output rising 12.33% to 702.50 MT during 2023-24 (till Jan 6, 2024). Coal ministry has achieved 70% of its annual target in nine months. **Rakesh Kumar** of The New Indian Express caught up with coal secretary **Amrit Lal Meena** to discuss coal availability amid surge in power demand, dealing with transportation bottlenecks and exploring new markets for imports. Edited excerpts:

## How are we placed now as far as availability of coal in the country is concerned?

The ministry’s measures such as raising domestic production and promoting alternative energy sources play a pivotal role in ensuring a stable power supply. Coal output during 2023-24 (till Jan 6) is 702.50 MT. There is a 12.33% growth against production of 625.40 MT in the same period last year. We have achieved 70% of our annual target in just nine months.

In terms of supplies, 725.06 MT has been supplied in 2024 as against 653.12 MT during the same period last year, a growth of about 11.1%. Supply to the power sector for the period April 2023 to January 6, 2024, is 603.71 MT as against 558.60 MT during the same period of last year, with a growth of 8.08%.

The average daily rake availability growth in 2023-24 (up to Jan 3, 2024) is over 8% as against the same period of previous year. Supply to the non-regulated sector (NRS) for the period April 2023 to January 6, 2024, is 121.35 MT as against 94.52 MT during the same period last year, a growth of 28.38% due to availability.

Construction of the Eastern Dedicated Freight Corridor (EDFC) by the Ministry of Railways has reduced the logistic cost and led to the development of new industrial hubs and Gati Shakti Cargo Terminals. As a result, it will contribute to ensuring that there is no shortage of coal in the country.

## What measures has the ministry taken over last two years to alleviate concerns over coal shortages?

Over the last two years, to enhance coal production and reduce import dependency, the government has implemented various strategies. The launch of commercial mining on a revenue-sharing basis in 2020, incentivises production, offering rebates and liberal terms and conditions.

Introduction of MDOs (mine developers and operators), Coal India (CIL) has engaged



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MDOs via open global tenders to raise domestic production and reduce import dependency, has eased the supply situation. In the first phase, CIL has identified 15 MDO mine projects, out of which four have started production with a planned capacity of 57.37 MT.

CIL is implementing more and more MPT (mass production technology) in underground (UG) mines wherever feasible to enhance it to 100 MT by 2030. As of December 31, 2023, 50 captive/commercial mines are under production, out of which 32 mines are allocated to power sector; 11 to non-regulated sector and seven are allocated for sale of coal.

## What are your expectations for the upcoming year, and what is the strategy for coal in India?

India aims to enhance domestic production to 1.31 billion tonnes (BT) by 2024-25, and 1.5 BT by 2030. The strategy involves substituting importable coal with domestic thermal coal by March 2026, tripling output from underground mines by 2028, and exploring cleaner coal technologies.

India plans to diversify its energy portfolio with a focus on renewable sources, in line with the goal of achieving a sustainable and secure energy future. Despite this, coal is expected to remain a significant part of India’s energy mix, with the draft Economic Sur-

vey 2021-22 projecting coal demand to rise by 63% to 1.3-1.5 BT by 2030. The government had set up an expert group to guide investments in the sector, and coal consumption is likely to peak between 2035 and 2040.

## Could you give an overview of current situation regarding coal imports?

Reducing dependence on imported coal is a key priority for the government, driven by economic and strategic considerations. Comparing the quantity of coal imported during 2023-24 from April-October is 151.25 MT whereas quantity of coal imported during same period last year (2022-23) is 148.99 MT.

However, in value terms, the price of imported coal during 2023-24 from April-October 2023 is ₹1.76 lakh crore whereas the price of imported coal during same period previous year (2022-23) was ₹2.56 lakh crore. While imports have remained relatively constant, at 237.67 MT in 2023 as against 217.78 MT in 2014-15, the share of imported coal in total consumption has fallen from 26% in 2019-20 to 21%.

## There have been reports suggesting that India is considering importing inflated coal from overseas...

We do not have information suggesting that the government is considering importing

coal at an inflated price from overseas. As per the current import policy, coal is categorised under Open General License (OGL), allowing consumers to import coal from their preferred sources at contractual prices, subject to the payment of applicable duties.

## Can you provide update on the status of coal gasification efforts in the country and highlight the milestones achieved thus far?

The government has set a target to achieve coal gasification of 100 MT by FY30 and has launched the National Coal Gasification Mission to cut reliance on import of natural gas, methanol, ammonia, and other essential products. CIL has signed MOUs with BHEL, GAIL, and IOCL to undertake coal gasification projects.

Currently, India imports about 50% of its natural gas, over 90% of its methanol consumption, and about 13-15% of its ammonia consumption to meet domestic demand. To promote coal gasification, the ministry has formulated a policy wherein a provision has been made for a 50% rebate in revenue share for all future commercial block auctions for coal used in gasification purposes, provided the quantity used for gasification is at least 10% of the total coal production.

## Considering the current reliance on coal, what are your thoughts on achieving the net-zero goal by 2070?

Coal PSUs have prepared a three years action plan outlining specific renewable targets. CIL, along with its subsidiaries and NLCIL, has formulated this plan with the objective of installing 7,281 MW of renewable energy by 2027, in alignment with the Prime Minister’s Panchamrit commitment. Noteworthy progress has been made, with 1600 MW of renewable capacity currently operational, and an additional 1,769 MW awarded for the fiscal year.

## How cost-effective is transportation of coal through Rail-Sea Rail (RSR)?

Currently, coal is being transported to Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Dadri, and Jhajhar through Rail-Sea-Rail (RSR). Though the quantity is not very high, the system has become functional. The route has increased coal transportation capacity by 5 MT. The cost-effectiveness of transportation is influenced by the involvement of railway legs. If two legs of railways are involved, it is not considered cost-effective. However, if only one leg of railways is involved, with coal going directly from the source to the port and then to the power plant, it becomes a more cost-effective option.

