

Substantial Reduction in Coal Imports Despite Increased Power Demand

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With increase in domestic production of coal, India has achieved significant reduction in import despite surge in power demand. Imports of all grades of Non Coking Coal has come down to 117.507 Million Ton (MT) during April - December 2021 from 147.85 MT during the corresponding months of FY 20, leading to a decline of about 20.52%.

The import of Non Coking coal, primarily used in power sector has decreased by 59.20% from 52.49 MT to 21.41 MT upto Dec 2021 in comparison to the same period of FY 20.

The overall import of coal has also reduced to 160.84 MT in the period April to December 2021 as compared to 186.65 MT during the corresponding period of FY 20, indicating a decrease of about 13.82% 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. All efforts are on to further enhance domestic coal production as availability of additional coal will aid in import-substitution of coal.

The domestic coal based power generation upto December 2021 is 727.39 BU (Billion Units) with an increase of 12.10% over generation of 648.843 BU during the corresponding period of FY 20. Imported coal based power generation which was 69.56 BU during April to Dec 2019 has reduced by 53.10% to 32.62 BU during corresponding months of current FY 22.

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

India is the world's third largest energy consuming country and electricity demand grows by 4.7% every year. To reduce 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, the Ministry 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 36.75% from 45.47 MT upto Dec 2019 to 62.18 MT during corresponding period of FY 22.

The reforms have led to an increase in domestic production of coal by 8.68% and consequently, the overall coal production rose at 522.34 MT upto December 21 as compared to 480.62 MT in the corresponding months of FY 20.

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