COAL

Accounting for about 9 per cent of total coal reserves in the world, India ranks fourth with 97.7 billion metric tons of coal reserves (as of FY17) along with recoverable coal resources of about 114.9 billion metric tons.

The coal production in India touched 688.4 million tonnes in FY18, observed a 2.5% increase over last year's production and is currently the third largest coal producer in the world. On the other hand, the demand for coal has increased by 9 per cent during the same period to about 900 million tonnes. The gap between demand and availability of coal is expected to rise every year in India.

Coal has been recognized as the most important source of energy for electricity generation and industries such as steel, cement, fertilizers and chemicals are major sectors of coal consumption. Today nearly 75 per cent of the India's total installed power capacity of 192,163 MW (as of 31 March, 2017) is generated using coal. In order to satisfy the coal demand, the Indian coal industry needs more investment, address issues of sustainability and secure private investment through coal block mechanism.

The ICC has been working proactively on key issues impacting the Coal sector through its various initiatives in the form of recommendation to the Ministry, publications, creating various platforms between Government and industry body for addressing important and relevant concerns. ICC has formed a National Expert Committee on Minerals & Metals with a view to contribute effectively towards the growth of the Indian Minerals & Metals sector which is chaired by **Mr. Lalit Beriwala, Director, Shyam Steel Industries Limited**.

ICC has a dedicated team working towards various initiatives in the Coal section. The Department is headed by **Mr. Nilanjan Chaudhury.**

COAL (Sector Brief)

Current Scenario

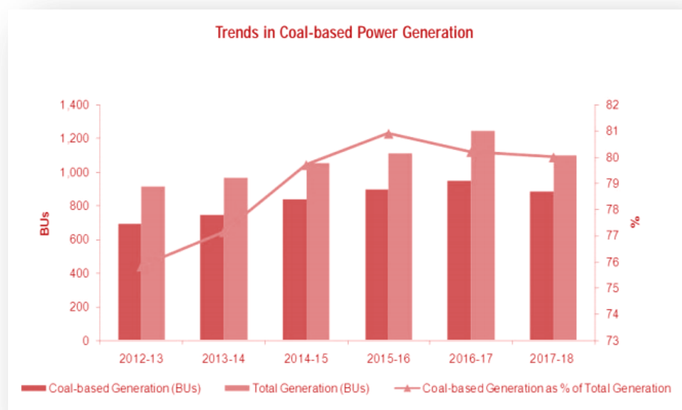
The month of July, 2017 saw coal production of 433.90 Mte. Interestingly, the consumption of coal has been slacking for the past two decades which is inconsistent to the 7.4 per cent p.a. growth rate of the Indian economy. The resultant flat trends of production and negative growth in the month of December has been the result of Government's tilt towards renewable energy resources for electricity provision.

CoaL Production of CIL and Subsidiaries (in mn tonnes)			
Month	Actual	Actual same period last year	Growth %
Nov'18	52.09	51.26	2%
Dec'18	54.13	54.63	-1%
Jan'19	57.2	56.68	1%

Source: https://www.coalindia.in/en-us/performance/physical.aspx

Despite muted demand from consumers, downgrading of mines and challenges from the renewable energy sector --the demand of coal can be expected to be stable in the coming quarters. The dependence on coking and non-coking coal of the steel and imported power generation plants have pushed coal imports by 5.1 per cent to 189.9 million tonnes in the April-January period of the ongoing fiscal.

Transportation and evacuation infrastructure-related challenges continue to be high on the Government's agenda given that a number of power stations have been reporting shortage of coal stocks due to logistical constraints. The Government is trying to address the issue by expediting work on critical coal connectivity through rail lines, increasing rake availability and strengthening port infrastructure.



Future Outlook

- The approval of commercial mining of coal by private players is expected to improve domestic output, benefit generators through better certainty in supplies, etc., provided that the quality and quantum of the blocks on offer are attractive. This would also bring in best-in-class technologies by global coal miners as well as increased mechanization and automation as potential mine owners aim for higher efficiency to win bids.

- The growing trend of battery technology that enable weather- and time-dependent solar and wind power to serve as round-the-clock power sources could help reduce coal use further.
- The Government has set a target of one billion tonne of coal production by 2019-20.

Key Policy Initiatives

The Government has allocated 85 coal mines so far under the provisions of the Coal Mines (Special Provisions) Act, 2015. A total of 56 MT coal has already been produced till October 2018 from the operational coal mines after allocation. A total revenue of Rs 6096 crore -- excluding royalty, taxes, cess -- comprising upfront payments and monthly payments up to November 2018 has already been generated from the mines.

The introduction of a special forward e-auction window for power consumers and exclusive e-auctions for non-power customers have aided in improving coal availability in recent years. Further, the recently approved methodology to allow flexibility in the utilization of domestic coal by private producers is expected to reduce the landed cost of coal.

The SHAKTI or the Scheme to Harness and Allocate Koyla (Coal) Transparently in India, aims to auction long-term coal linkages to power companies. It is expected to revive 30,000 Mw of power plants in the country, which are awaiting fuel supply. The policy is likely to benefit a number of private players as coal linkages would be awarded to designated state-owned power distribution companies. This is in line with the Government's goal to reduce dependence on coal imports. It also hopes to ease stress on account of non-availability of linkages to power sector projects. The coal supply to the TPPs has been made as per the provisions of the New Coal Distribution Policy (NCDP), 2007.