

## 'NEVER AGAIN WILL THERE BE COAL SHORTAGE'

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

*Twice in the recent past the country has faced coal shortage — in October 2021 and last month. Critics blame poor planning; the government says it was an “extraordinary situation” and action has been taken to ensure that a shortage never occurs again. Excerpts from the interview with Union Coal Minister Pralhad Joshi at Neyveli, Tamil Nadu, where he had come to review the performance of the public sector company, NLC India Ltd. :*

**You have been repeatedly saying that there is no coal shortage in the country. Yet Coal India Ltd is taking steps to import coal. If there is no coal shortage, why go in for imports? How should we read the situation?**

Even today I am saying there is no shortage of coal. As of now, we are having 11-12 days stock of coal (required by power plants), on average, as a country. We have about 33.60 million tonnes of coal (lying in various places). Pithead power plants have about 25 days of stock, those about 300 km (from the mines) have about 20 days stock, those beyond 500 km may be having 14-15 days stock — like that.

In the last few days, there has been no depletion of stocks. We are replenishing coal stocks with power plants on a day-to-day basis. There was a shortage of coal due to an extraordinary situation.

The demand for power went up due to improved economic activity, but at the same time power plants operating on imported gas and coal stopped producing power because of high gas and coal prices. Coal prices increased from \$40 a tonne to \$210 a tonne. Also, power plants operating with blended coal (partly imported) stopped importing and began demanding domestic coal.

Last year, domestic coal production increased by 18%. In the first two months of the current financial year, production from captive mines alone increased by 70%.

Now, coming to why we are importing — it is because of the upcoming rainy season, when mines could be waterlogged and not be able to produce coal. Also, rain could affect transportation of coal. Keeping this in mind, we want to import and keep some stocks so that the country does not suffer.

**Some people have expressed fears of a ‘third round’ of shortage. You don’t expect that to happen?**

There won’t be any coal shortage. You see, Coal India Ltd will ramp up its production to 780 million tonnes this year. Captive mines produced 89 million tonnes last year; this year they expect to produce 130 m t. I am expecting 5 m t from commercial coal mining and another 5 m t from abandoned coal mines. All put together, coal production will increase by 100 m t. In contrast, the shortage was not even 10 m t. Still we are planning for any eventuality by imports. We will import whatever is needed.

**So, are you confident that coal shortage is a thing of the past?**

I’m fully confident. I want to assure the country that there will never be a coal shortage again.

**You have also been saying repeatedly that the country cannot do without coal. On the other hand, India has global commitments to reduce carbon dioxide emissions. How do you handle this dichotomy?**

We would definitely need coal for at least for a long time. Without coal we cannot fulfil the aspirations of the country. The question is, how to use coal in a manner that doesn't affect the environment or contribute to global warming. We have to do all that we can to ensure that usage of coal does not cause any harm.

There are many ways of doing it, such as coal gasification and planting trees.

We are going in for coal gasification of high ash coal. Coal gasification is covered by the PLI scheme (production-linked incentive scheme, which gives a financial incentive for every unit of production that is sold.)

We are going in for four pilot plants for coal gasification, with imported technology.

**But coal gasification plants typically suffer huge delays. For example, the Talcher project**

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That is why we want to invite private players and also international players. Even the Talcher project is being expedited. Necessary steps are being taken.

**There are many reports saying that coal power will not be competitive in future. Do you foresee any problems in coal mines getting finance?**

There is no problem, they are already getting finance. We have sold 47 mines —

**But only about 15 of them have started work**

You see, it takes time to develop any mine. About 4-5 years. There are 21 permissions or clearances to be obtained.

**But the question is, how do the financiers see the coal sector. Many international funds, such as the Norwegian sovereign fund, have said they would stop funding fossil fuels.**

Many countries that had earlier said they would not burn coal are now turning back to coal. Only, we have to show that we will use coal without harming the environment.

*(M. Ramesh is a correspondent of*

*The Hindu Business Line)*

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