



The Global Times  
**NEWS HOUR**

# The Indian coal crisis



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A Shortage That Would Affect Us All Profusely. Here's How...

**W**elcome to The Global Times News Hour. This is your host Mr ABC. Coal shortage in India has been making headlines for a while now. Today, on the News Hour, we will decode this crisis, its causes and outcomes. Before we begin with the debate, let me introduce you to our panelists - Mr Crisis, Mr Government and Ms Impact.

**\*THE INDIAN COAL CRISIS flashes on the screen before a sombre news anchor appears once again\***

**Mr ABC:** Coal shortage is the biggest news for the country today with three thermal power stations in Punjab, four in Kerala, and 13 in Maharashtra shutting down. The coal stocks have come down too to an average of four days of fuel across an increasing number of thermal stations. Not to miss, Union Power Minister's statement, "the coal supply situation is likely to be 'uncomfortable' for up to six months." May we please have Mr Crisis to give us a deeper insight into the situation.

**Mr Crisis:** Thank you Mr ABC for inviting me. To begin with, according to the latest data shared by Central Electricity Authority of India, the country is facing acute shortage of coal stocks in thermal plants which could further lead to major power crisis. As reported on Oct 5, 2021, out of 135 thermal plants, nearly 106 plants were in critical stage, meaning they had coal stocks left for a mere 6-7 days.

**Mr ABC:** Oh, but why this sudden shortage? Are there any underlining reasons?

**Mr Crisis:** Well, there are several factors at play here but increased coal consumption in the country is the biggest cause. Just look at the figures - India's coal usage went from 415.943 TOE mn in Dec 2017 to 452.221 TOE mn in Dec 2018. If we go by the statistics shared by Ministry of Statistics and Programme Implementation, Government of India, for the year 2019-2020 -

■ The consumption of energy in petajoules from coal and lignite was the highest, which accounted for about 45.34% of the total consumption, followed by crude oil (32.76%) and electricity (14.3%).

■ Electricity sector remained the biggest consumer of raw coal in India, with this sector alone consuming as much as 64.86% of the total consumption of coal.

■ One of the major contributors to the total energy supply in the country was coal which accounted for 64.19%.

■ The final Energy Consumption (End Use) was 5,87,371 KToe. The industrial sector was the largest consumer of energy in the country, with this sector itself using more than half, ie, 55.85% of the total final energy consumption.

■ Within the industry sector, the most energy intensive industries were iron and steel, which accounted for 16.65% of the industrial energy use, followed by chemicals and petrochemicals (4.21%) and construction (2.19%).

■ The consumption of the residential, agriculture, commercial and public sectors and other sectors represented 30.63% of the total final consumption in the country, whereas transport sector accounted for 10.22% of the total final consumption.

**Mr ABC:** Well, these are eye opening statistics for all of us. However, all of this would have seen a downside during the pandemic because industrial and other activities were on a complete halt. We must have saved coal stocks at that time.

**Mr Crisis:** What you are saying is partially correct and yet not completely agreeable. We did see a complete halt of industrial, agricultural and other kinds of activities during the first and second wave of pandemic. However, when the lockdown was lifted completely after the second wave of Covid-19, India

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a stark rise in its power consumption during the months of April and August. In August 2021, 124 billion units of power was consumed as compared to 106 billion units of power in August 2019. The thermal plants did not anticipate such a huge rise and relied on lean coal inventories. On the other hand, other sources of electricity generation such as hydropower declined because of the uneven distribution of rainfall; less rainfall in many areas affected the overall production of hydropower. Furthermore, increase in gas prices as well as shutdown of nuclear plants for maintenance contributed towards an increase in coal dependent power generation. To make things worse, several logistical issues cropped up due to monsoon and added to the limitation in coal supply even when pithead stocks were available at Coal India; the transportation of these pithead stocks became immensely difficult as many of these designated routes experienced devastating floods during monsoons.

**Mr ABC:** Okay! Now that's something all of us were unaware of. Ms Impact, what is your take on what Mr Crisis just said.

**Ms Impact:** I completely agree with Mr Crisis. The situation in several Indian states right now is pretty grim. Maharashtra has already shut down 13 thermal plants due to coal shortage.

The Maharashtra State

Electricity Regulatory Commission (MSEDCL) mentioned that 3330 MW power supply has been cut off and efforts are being made to fill the power gap. Electricity Minister of Kerala too said that the govt might have to resort to load shedding. Look at Punjab, the thermal plants in the state can only generate 2800 MW as compared to 5620 MW. In fact, many of them situated in areas of Punjab such as Ropar, Talwandi Sabo, and Goindwal Sahib can only generate power for maximum of four days. As a result, Punjab State Power Corporation Limited (PSPCL) has been trying to buy power from private firms as well as neighbouring states. The state is already facing 3-6 hours of power cuts.

Karnataka has already requested the Centre to increase their coal supply. Madhya Pradesh has already floated tenders to purchase 8 metric tonnes of coal. Delhi too has urged the PM regarding power crisis due to shortage of coal. It definitely is a terse situation.

**Mr ABC:** This looks like tough times await us and our country. Mr Government, why are we not importing coal in such a crisis?

**Mr Government:** India is known as the second largest importer of coal. It imports coal from countries such as South Africa, Australia and Indonesia. More than 80% of coal in India is produced domestically. The price of the same is set by Coal India Limited, coal mining and refining corporation owned by the Indian government. However, when international price of coal increases, the domestic price of

coal does not increase in the same way because it would affect power prices and inflation where utility companies cannot pass on higher costs to consumers. One may ask why? In India, for farmers and many households, power supply is done on subsidised prices which means the load of higher cost will fall on the shoulders of 25-30% of industrial consumers. And that's not fair. Hence, importing coal is not a feasible idea.

**Mr ABC:** Understood, but then how can we get out of this crisis? What actions are you taking?

**Mr Government:** In every global crisis, a committee formation is the safest bet to find a solution and so that's what we have done. We have put together a team of representatives from the Power and Railway Ministries, Coal India Ltd, the Central Electricity Authority and the Power System Operation Corporation. This team will closely monitor the supply of coal to thermal power plants and prioritise the ones with lowest coal levels.

We are also providing supply to these plants from privately owned coal mines, known as captive coal mines, to meet the demands. A request has been sent to the functional coal mines to expedite production. Besides, the Power Ministry is working to fast track the approvals of coal mines in the pipeline from the Environment Ministry.

We might be facing a crisis right now, but I would like to inform the audience that India is full of rich deposits of coal in the world. According to the Ministry of Statistics and Programme Implementation, Government of India, the total estimated reserves of coal in 2020 were 344.02 billion tonnes, an addition of 17.53 billion tonnes in the corresponding period in 2019, a 5.37% increase. I think we should be able to tide over the crisis soon.

**Mr ABC:** Well, hope is what we all have. While the govt is doing what it can, you and I need to watch our power consumption because it is everyone's crisis, and everyone's responsibility. With that we come to the end of The Global Times News Hour. See you next week!

