

ET Q&A

PRALHAD JOSHI
UNION COAL AND MINES MINISTER



Coal India will Remain Dominant Player: Joshi

SATURDAY FEATURE ■ 7

Coal India will Remain Dominant Player

Coal India will continue to be India's biggest coal supplier even after the government's decision to throw open the sector to private players through an ordinance, Union Coal and Mines Minister Pralhad Joshi said. The coal ministry will also back the private sector, which along with Coal India will help bring down coal imports to zero in four to five years, he said. In an interview with ET's Sarita C Singh and Himangshu Watts, Joshi also said his ministry would request the Railways to invest in infrastructure to transport coal from private mines that are not connected. The minister said he wants a balance between the public and private sectors in coal mining, with Coal India contributing about 60% of India's expanded output in the years ahead. Edited excerpts:

How are you allaying fears of Coal India unions on opening the coal sector to private players?

Whenever I have got opportunity to interact, I have duly conveyed to Coal India (CIL) that it has so much of work for another 50 years. If they work on the blocks allocated to them. We are expecting that the country will need a minimum 1300-1400 million tonnes coal by 2025-26. CIL this year targets producing around 660 million tonnes. I have told in no ambiguous term that CIL will be not protected, it will be strengthened. With fourth largest resources in the world, we import 235 million tonnes which costs Rs 1,71,000 crore.

So do you call it a failure of CIL?
I don't call it a failure of CIL, but

dependency only on CIL was wrong. CIL has done its best and will do that in future also. But asking one company to meet all of the coal requirement is not correct. I have told CIL also to be more practical and understanding.

CIL is a people-oriented company and its employee costs are its major costs. There are fears it may get outpriced by competition.
CIL is one of the most economical players in the entire world as far as coal mining is concerned. There is no room for such apprehension. And it cannot happen as we have a huge coal requirement. Whatever is needed for the environment we will do, but we have to depend on coal for at least 30-40 years. In that case we cannot depend wholly on the private sector. The government does not want that only private companies should be there in coal mining.

How much of the country's output do you expect the private sector to provide?

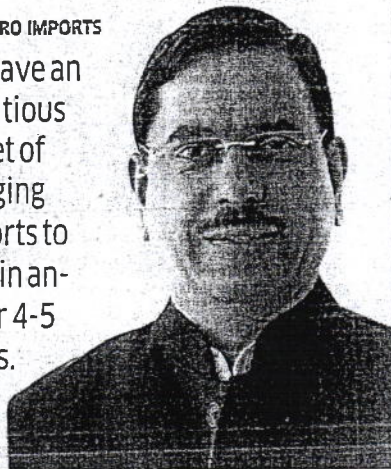
We need to do the balancing. I think Coal India will be 60%-65% and private will be 30%-35%. If we were able to meet out requirement through one company, we wouldn't have taken all these efforts.

But Coal India output had declined and it has started recovering only in December?

CIL output was less because of torrential rains. The production targets were missed because of the heavy rains. In November, these coal bearing areas got flooded as there was unprecedented rainfall. But in

ZERO IMPORTS

We have an ambitious target of bringing imports to zero in another 4-5 years.



last month production has picked up well. I hope this month it will cross production of 2.2 million tonnes on daily basis. Having fourth largest resources in the world, we import 235 million tonnes which costs Rs 1,71,000 crore

Do you see zero coal imports happening anytime soon?

We have an ambitious target of bringing imports to zero in another 4-5 years.

Which global firms are expected to enter coal mining in India?

I cannot comment on the names but since coal mining has been opened up and restrictions on end-use and

REGULATORY INTERVENTION

Coal Regulator is also on our agenda. What exactly will be given to the regulator has to be decided.

prior experience have been removed, many big players will come.

Any provisions for price caps or regulatory intervention on commercial mining?

My idea is once the sector is opened up, there will be competition and we will not be required to intervene. Coal Regulator is also on our agenda. What exactly will be given to the regulator has to be decided.

Will government support transportation of coal from mines without rail and road connectivity?

Coal India has already been investing in infrastructure to connect mines.

What about rail connectivity for private mines?

For unconnected mines of private players, we will request railway ministry to invest.

What kind of coal blocks will the ministry offer when the auctions are opened up for commercial mining?

Before framing rules, we will have consultations with stakeholders. The requirement of industry is different. Some people want smaller blocks, while some want big ones. We want to ensure that all businesses are involved.

Is the clean energy cess on coal mining being scrapped?

It is more to do with the finance and environment ministry. That is a green cess. We have not given any view. But money is needed to do reclamation work, plantation and other such works.

Are there any plans to hive off Coal India subsidiaries?

As of now, we do not have any such idea in mind.

Coal production up 164.58 MT in 5 yrs; revenue from auctioned mines at ₹4,973 crore

Raw coal production has increased from 567.77 million tonnes (MT) in 2013-14 to 730.35 MT in 2018-19, an increase of 164.58 MT, Coal Minister Pralhad Joshi said in Lok Sabha during the Winter Session

234 MT:

Amount of coal India imported last year, for which it lost Rs 1.7 lakh crore foreign exchange

73.01 MT:

Increase in coal production in five years from 2008-09 to 2013-14

22.78 MT:

Stock at power house end, as on November 19, 2019, equivalent to 14 days' consumption with 5 power plants under critical list

11.68 MT:

Stock at power house end, as on November 19, 2018, equivalent to 7 days' consumption, with 25 power plants reeling under criticality

OUTPUT FALLING SINCE JULY:

While there was a positive growth in production in the first quarter of the current year (April-June 19), production has been slipping since July; this is largely due to heavy rainfall in coal mining areas

NO EFFECT ON AVAILABILITY ON POWER HOUSE END:

From April-October 2019 in the current year, though there has been a decline in dispatch to power sector, it has not affected coal availability position at the power house end

SIGNIFICANT IMPACT ON CORE INDUSTRIES GROWTH:

Drop in production of coal was a major factor in India, witnessing an unprecedented decline in its eight core industries in September. Of the eight industries, coal production, which

MEASURES FOR ACCELERATING DOMESTIC PRODUCTION:

- Allocating more coal blocks
- Co-ordinated efforts with Railways for movement of coal
- Pursuing states for assistance in land acquisition



REVENUE COLLECTED IN PREVIOUS FISCALS

- ₹1,115.02 crore in 2017-18
- ₹1,018.117 crore in 2016-17
- ₹663.774 crore in 2015-16
- ₹241.294 crore in 2014-15

24,000 GWH:

Growth in power from all non-coal sources, including hydro, solar and nuclear, as of end-October 2019

₹4,972.738 CRORE:

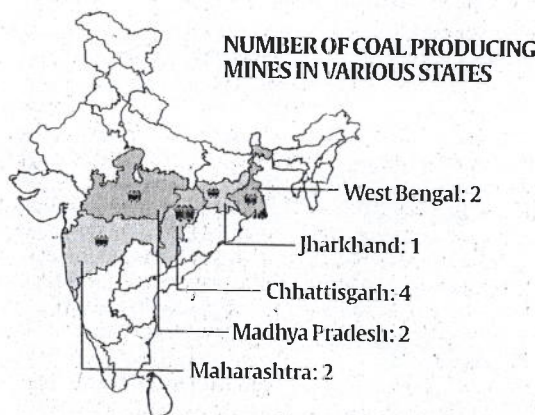
Revenue realised from auctioned coal blocks since financial year 2014-15, as per reply given in Rajya Sabha by Union Coal Minister Pralhad Joshi

₹1,280.58 CRORE:

Revenue garnered in 2018-19; also the maximum amount realised till October 31

₹656.95 CRORE:

Revenue collected in 2019-20 (until October 2019)



31

Number of mines that have been allocated under the Coal Mines (Special Provisions) Act, 2015, through auction so far, of which allocation of 9 mines has been terminated for various reasons

13

Number of mines that have got opening permission

11

Number of mines that have produced 32.34 million tonne of coal from 2015-16 till October 31, 2019

accounts for over 10 per cent of the core sector index, dropped the most that month — declining 20.5 per cent in September 2019 over the same month last year. By comparison, in September 2018, coal production had grown 6.4 per cent. Along with a drop in sectors like refinery products, steel and electricity, coal production decline brought the overall core sector growth down 5.1 per cent in September 2019

STEEP FALL IN CONSUMPTION BY POWER PLANTS:

While thermal power still contributes to a majority of India's energy mix, coal consumption by thermal power plants declined steeply in April-October 2019 compared with the same period last year, shows a recent analysis by Institute for Energy Economics and Financial Analysis contributor Charles Worringham in November

ENOUGH TO MEET DEMAND FOR THE NEXT 30 YEARS

With 54% Reserves, CIL Unlikely to be Affected by Entry of New Players

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Kolkata: Coal India will be competitive despite private competition as it has reserves of 172 billion tonnes, 54% of the country's total, enough to meet demand for 30 years, top company executives said.

Chairman AK Jha said he was confident of being competitive as the company also had the required expertise, mechanisation and multidisciplinary workforce.

A company executive said domestic demand is growing faster than output, which makes it diffi-

cult for Coal India alone to provide adequate supply. He welcomed the prospect of commercial miners filling the gap. India imported 235 mt coal in 2018-19, and aims to increase domestic output.

Jayanta Roy, head of corporate sector ratings at ICRA, said performance of new players entering the sector will depend on stripping ratio, or the ratio of the amount of top soil that needs to be removed for every tonne of coal produced.

It will also depend on transportation facilities. The need to build roads and railway links increase costs. In contrast, most Coal India projects involve expansion in are-

as where infrastructure is already available.

Coal India plans to invest ₹56,000 crore on 66 projects with an annual peak production capacity of 500 mt. Almost 55% of the total capital outlay will be undertaken by South Eastern Coalfields, which is working on 23 projects worth ₹30,783 crore.

Mahanadi Coalfields is investing ₹8,519 crore in 11 projects with a peak capacity of 156 million tonnes. Western Coalfields is investing ₹5,949 crore in 15 projects with total peak capacity of 35 mt.

Eastern Coalfields is investing ₹2,570 crore on four projects with

peak capacity of 17 mt. Bharat Coking Coal has undertaken four projects with peak rated capacity of 18.5 mt, involving an outlay of ₹2,345 crore. Central Coalfields is spending ₹2,846 crore on seven projects with peak capacity of 42 mt and Northern Coalfields is spending ₹3,038 crore on two projects with total peak capacity of 40 mt.

Recently, the coal ministry had asked all stakeholders, including consumers and railways, to extend all help. The ministry has promised support to solve law and order issues at some of Coal India's large mines and to help it secure green clearances quickly.

CIL bags big resource boost with 16 coal blocks

TIMES NEWS NETWORK

Kolkata: State-run Coal India (CIL) received a boost of 8.3 billion tonne (BT) reserve following the latest allocation of 16 coal blocks by the Centre to the Maharatna PSU. The resource capacity of CIL took a leap to over 172 BT from 164 BT after the allocation of new blocks. This makes CIL own around 54% of the country's entire coal resources.

A spokesperson said that at the current rate of coal production and even after taking into account the projected growth in the ensuing years, the present coal resources under CIL's fold will enable it to meet the expanding coal demand of the country to a considerable extent.

The country's coal requirement is increasing with the thrust on capacity addition

172BT STOCK

in power sector. Evidently, the domestic demand for coal is far outstripping the rate of indigenous production. Coal India alone, despite its best efforts, may not be able to meet the burgeoning coal demand.

If commercial miners step in to fill in this gap by increasing domestic coal production it would be a welcome step. Coal imports were at 235 MT during 2018-19. The point is to become self-reliant in meeting the coal demand internally and reduce the import dependency. "Notwithstanding the entry of private miners in commercial coal mining, CIL is confident of staying ahead of the competition with a strong resource base, core expertise of operations, updated mechanisation and multi-disciplinary workforce," said an official of the company.

NOD FOR PROJECTS WITH 160 MT CAPACITY A YEAR

Environment Min Clears 10 Coal Mining Projects

Approvals are expected to help Coal India achieve its future production targets



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Kolkata: The environment ministry has cleared 10 coal mining projects with total capacity of 160 million tonnes a year and four washeries that can handle 31 million tonnes annually.

These include Coal India's projects for seven mines and two washeries with an annual capacities of 141 million tonnes and 15 million tonnes respectively.

The ministry cleared 14 of the 23 projects it considered.

This is likely to help Coal India meet its targets of producing 750 million tonnes next fiscal requiring achievement of a 14% growth over current year's 660 million tonnes target, and one billion tonnes target by 2024, a senior company executive said.

The largest project cleared by the ministry was for Coal India subsidiary, South Eastern Coalfields' Kusmunda opencast coal mine in Chhattisgarh, which will touch 62.5 million tonnes at its peak capacity.

Eastern Coalfields received clearance for the Rajmahal opencast coal mine project in Jharkhand with an annual production capacity of nearly 24 million tonnes.

Other large projects of Coal India that received clearances from the environment ministry include subsidiary Mahanadi Coalfields' Lakhanpur opencast project in Odisha's Jharsuguda district. It has been allowed to produce 21

million tonnes of coal a year for 30 years to 2050.

Northern Coalfields received clearance for its Dudhichua opencast project in Uttar Pradesh's Sonbhadra district and Madhya Pradesh's Singrauli district. It has been allowed to produce 17.5 million tonnes of coal a year till 2050.

Mahanadi Coalfields received clearance for producing 14 million tonnes of coal a year for the next 30 year at its Kulda opencast project in Odisha's Sundargarh district.

Western Coalfields received clearance for 1.85 million tonnes for its Adasa underground opencast mine in Maharashtra. South Eastern Coalfields received clearance for producing nearly one million tonnes for 30 years at its Khairaha underground mine project in Madhya Pradesh.

Additionally, Mahanadi Coalfields and Barat Coking Coal received clearances for washeries of 10 million tonnes per annum and five million tonnes per annum respectively.

Other companies that received clearances are Damodar Valley Corporation for its six-million-tonne tubed coal mines project in Jharkhand, Rajasthan Rajya Vidyut Utpadan Nigam for its 11 million tonnes Kente extension opencast coal mine & integrated washery project in Chhattisgarh and Singareni Collieries Company for its two million tonnes Kalyan Khani opencast project in Telangana.

CIL creates 18-day stock for power plants

INDRONIL ROYCHOWDHURY
Kolkata, January 7

COAL INDIA LTD (CIL), the world's largest producer of the fossil fuel, has been able to create an 18-day stock at the country's power plants at the beginning of the year, a significant improvement from that of a critical stock situation during September-October period. The period saw 47 thermal power plants with 6-day stock, 12 plants with 2-day stock and eight plants had a stock of barely one day.

These power plants currently are flushed with 31.62 million tonne (MT) of coal, more than twice the stock which these units had during the same period a year ago.

Although from CIL's perspective, the stock situation during September-October was never critical since it supplied 90% of the assured contract quantity (ACQ) to some thermal power generators and 75% of the ACQ to most thermal generators, the power producers faced a shortage since it consumed more coal than the quantity meant to be supplied during a certain period calculated on a pro rata basis.

A CIL official told *FE* that stocks were limited at the power plants during September-October since productions were halted by severe monsoons. But, CIL ended December



with 58.02 MT of coal, a 7.2% growth, against 54.14 MT produced during the same month a year ago. This was the highest production for December since its inception and the month's production witnessed 16% growth month on month, against 54.13 MT produced in November.

Two of CIL's best producing firms, South Eastern Coalfields Ltd (SECL) and Mahanadi Coalfields Ltd (MCL), have come back strongly in December with production growth of 11.3% and 10.1%, respectively.

Dipka OC mine of SECL, a big contributor to CIL's production which was flooded on September 29, is back on track, producing 85,000 tonne per day and in the near future will achieve over 1 lakh tonne per day, a CIL

official said.

The company regained production tempo from October onwards with 28% growth m-o-m, followed by 27% growth m-o-m in November. With production picking up in December, the miner has been pushing hard to take its output levels to higher scale in the remaining months of the fiscal.

December 2019 was also well for CIL in Over Burden Removal (OBR), an important performance parameter that exposes coal for future production, as CIL on a whole cleared 120.39 million cubic metres of OBR, registering an 9.5% growth, against the year-ago period. At the end of December, total pit head coal stock stood at 25.3 MT, up by 2.1 MT than the year-ago period.

CIL Expects to Clear 20.5-MT Non-power Sector Backlog by March

Co also hopes to raise fuel stocks at power plants to prescribed level of 22 days

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Kolkata: Coal India hopes to clear its entire supply backlog for the non-power sector, estimated at 20.5 million tonnes, by March this year. It is also hoping to increase fuel stocks at power plants to the prescribed level of 22 days, estimated at 36 million tonnes, by the end of January.

"Rising production at almost all coal mines made this possible," a Coal India executive said. "Till December 2019, Coal India subsidiaries managed to clear almost 75% of the arrear quantity for the non-power sector including steel, sponge iron, cement, captive power plant, aluminium, and micro, small & medium enterprise consumers."

The dry fuel supplier quantifies pending volumes in terms of rakes, or the number of goods trains required to send the coal. During April 2019, the number of pending rakes for the previous two fiscals — 2017-18 and 2018-19 — for the non-power sector stood at 5,140. Each rake can carry around 4,000 tonnes of coal and the total pending quantity for the non-power sector was estimated at 20.6 million tonnes.

"By end of December 2019, pending rakes for 2017-18 were down to 230 while that pending for 2018-19 fell to 1,100, totalling 1,330 for the two years. We have managed to clear pending quantity of 15.24 million tonnes in the first three quarters of the current fiscal," the executive said. "With production rising at a steady pace over the last several weeks, we are confident of clearing the remaining backlog, es-

timated at 5.32 million tonnes, by March this year."

At the end of 2019, total coal stock at power plants and mine mouths was 57 million tonnes. Stocks at pit heads stood at 25.3 million tonnes, ahead by 2.1 million tonnes than the year-ago period. Stocks at power plants stood at 31.63 million tonnes, sufficient for 18 days of consumption, more than twice the stock last year.

"We are adding 0.22 million tonnes per day to the stock at power plants and at this rate, the prescribed level of 22-days stock, estimated at 36 million tonnes, will be reached by end-January," the executive said.

After several months of slow growth, two of Coal India's best producing companies — South Eastern Coalfields (SECL) and Mahanadi Coalfields (MCL) — have come back strongly in December 2019 with production growths of 11.3% and 10.1% respectively. Dipka open cast mine of SECL, a big contributor to Coal India's production, was flooded, on September 29. It is back on track, producing 85,000 tonnes per day. Production at this mine is expected to touch 100,000 tonnes a day in the near future.

"The company regained production tempo from October 2019 onward, notching a robust month-on-month growth of 28%, followed by 27% month-on-month growth in November 2019. In December, it managed to achieve a 16% month-on-month growth. With production perking up, we are pushing hard to take our output levels to a higher scale in the remaining months of the fiscal," the executive said.

December 2019 also turned out well for Coal India in terms of overburden removal (OBR), an important performance parameter that exposes coal for future production. All subsidiaries of Coal India cumulatively cleared 120.39 million cubic meters of OBR, registering a 9.5% growth compared to December 2018.

The Statesman

KOLKATA, MONDAY 06 JANUARY 2020

CIL registers 7.2% growth in production

STATESMAN NEWS SERVICE
KOLKATA, 5 JANUARY

State-run coal major Coal India Limited has reported a 7.2 per cent growth in coal production at 58.02 million tons in the month of December, ended the year 2019 on a high note. This is the highest production for December since inception, according to a media statement issued by Coal India here. The company's production stood at 54.14 million tons in the same month a year ago.

December's production witnessed a 16 per cent month-on-month growth compared to November 2019, it said.

The upside for CIL is that, two of its best producing companies South Eastern Coalfields Limited and Mahanadi Coalfields Limited have come back strongly in December 2019 with production growths of 11.3 per

cent and 10.1 per cent, respectively, the statement said.

Meanwhile, coal supplies at 53.63 million tons also registered a modest growth of around 2 per cent during the last month compared to 52.61 million tons in December 2018.

"The company regained production tempo from October 2019 onward notching a robust month-on-month growth of 28 per cent, followed by 27 per cent month-on-month growth in November 2019. With production perking up in December, we are pushing hard to take our output levels to higher scale in the remaining months of the fiscal," said a company official.

December 2019 also turned out well for Coal India in over burden removal, an important performance parameter that exposes coal for future production, said the statement.