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CIL says sufficient coal stocks available, even as non-power sector complains to PM

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Coal major says it is supplying 3.4 lakh tonnes of coal per day at present to NPS industries

Trying to assuage concerns of the non-power sector (NPS) over shrinking coal supply, state-run Coal India (CIL) on Saturday said it is currently supplying around 3.4 lakh tonnes of the dry fuel per day, the miner's average supply to this segment. The firm said it has sufficient stocks to serve the NPS industries. The response comes after industries ranging from steel to fertilisers and textiles complained to the Prime Minister about the acute supply crunch of coal impacting operations. However, NPS associations are not convinced of the claims and have insisted that the situation be redressed. [Open in App \(https://thehindubusinessline.page.link/BqAy9dFfoedehuW19\)](https://thehindubusinessline.page.link/BqAy9dFfoedehuW19)

With over 37 million tonnes (MT) of coal at its pit heads, CIL aims to further step up supplies to this sector. CIL's despatch to NPS during April-January of FY22 stood at 101.7 million tonnes (MTs), higher by 8.2 per cent compared to 94 MT in the corresponding period of pandemic-free FY20, CIL said in a statement.

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Higher despatch to NPS in FY21

Growth in supplies to NPS customers was at a higher rate than supplies to the power sector during this period. From April 2020 to January 2021, despatch to NPS at 105 MT was higher by a little over 3 MT compared to the same period of FY22, the statement added.

Non-regulated sector consumers, however, claim that they are receiving less than 3 lakh tonnes a day against their requirement of 5 lakh tonnes for operations. Industry sources blamed low availability of coal for NPS to diversion of rakes in the name of “priority”.

“Power sector has somewhat a self attained immunity. They do not maintain minimum stocks and when it reaches critical levels, the government has to step in and divert rakes to power plants to prevent large scale power outages,” Rajiv Agarwal, Secretary General, Indian Captive Power Producers Association, told *BusinessLine*.

Industries impacted

Industry associations complained that while the demand-supply situation had shown signs of improvement around November 2021, the supply to non-regulated sector (NRS) – including captive power plants (CPPs) – has declined. This happened even as October-March is CIL’s highest production period.

On February 7, Aluminium Association of India, Coal Consumers Association of India, Confederation of Indian Textile Industry, Indian Captive Power Producers Association, UP Paper Mill Power Plant Owners Association, Sponge Iron Manufacturers Association, Fertiliser Association of India and the Vidarbha Industries Association complained to the Prime Minister on the supply crunch. They claimed that CIL has not given any clarity on how long the supply crunch will continue, which is creating an environment of “uncertainty and panic”.

Coal supply critical

Coal requirement of NRS industries is around 20-25 per cent of total production of the dry fuel, including linkages and other auctions (non-power sector). There is a huge pendency of rakes, estimated at around 4,000 pending. Lack of rake movement in the linkage auction, exclusive and spot e-auction routes is forcing industries to depend on supply through the road route, which is costly and takes time.

Care Edge said overall coal despatch stood at 216.6 MT in the quarter ended December 2021. The power sector accounted for 84.6 per cent of the total despatches for Q3 FY22 as collieries prioritised fuel supply to power plants to meet rising electricity demand. This impacted supplies to sectors like cement, sponge iron, fertilisers, textile, chemicals, etc.

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