

# Coal Production Grows to Hit Fresh Milestone of 382 MT in H1FY23

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## Synopsis:

- India's coal production for H1FY23 reached a new milestone of 382 Million Tonne (MT) in line with CareEdge Research's earlier estimate of crossing 350 MT during the first half of FY23.
- CareEdge Research estimates the coal production to continue to rise and reach around 500 MT in the second half of FY23.
- Ministry of Coal has targeted to produce 1.3 Billion Tonne by FY25 and 1.5 Billion Tonne by FY30. Further, to aid this growth, the government has issued allocation orders for 12 coal mines and indicated that the peak rated capacity (PRC) of these mines is 21 MT per annum.
- International coal prices are expected to remain elevated owing to the heightened geopolitical tensions.

## Production on the Rise

Domestic coal production has crossed 380 million tonne (MT) during H1FY23 (April–September), registering around 21% y-o-y growth over the same period in FY22, on account of a low base. CIL remains the largest contributor in terms of production followed by Captives, which has grown by nearly 50% in H1FY23, as compared to H1FY22. This growth was supported by various government initiatives to maintain the coal demand and supply in the country and the contribution of the new commercial mines that became operational in Q1 FY23.

This increased production by Captives has helped in meeting the demand-supply gap in the domestic market. The contribution of Captives in total domestic coal production during H1FY23 has increased to around 14% from an earlier 11% during H1FY22.

The coal despatch to the power sector, which accounts for the largest coal despatch has increased by around 17% y-o-y. As of August 2022, the energy deficit in the country has come down to 0.4% (465 million units) as against 0.5% (638 million units) in August 2021. While coal production has increased, electricity requirement has declined owing to good monsoon during the months of June - August.

**Table 1: Coal Production (MT)**

Producer	H1FY23	H1FY22	Growth % (y-o-y)
CIL	299.0	249.8	19.7
SCCL	29.2	30.0	-2.4
Captives	53.8	35.9	49.8
<b>Total</b>	<b>382.0</b>	<b>315.7</b>	<b>21.0</b>

Sources: Ministry of Coal, CareEdge Research Note: CIL- Coal India Limited, SCCL- Singareni Collieries Company Limited

**Table 2: Coal Despatch (MT)**

Sectors	H1FY23	H1FY22	Growth % (y-o-y)
Power	356.5	305.5	16.7
CPP*	17.6	22.0	-20.3
Others**	42.8	50.4	-15.1
<b>Total</b>	<b>416.8</b>	<b>377.9</b>	<b>10.3</b>

Source: Ministry of Coal, CareEdge Research

\*CPP- Captive power plants. \*\*Others – cement, steel, sponge iron, fertilizers, textiles, chemicals, paper & pulp, and other basic metals

Total coal despatch in H1FY23 increased by around 10% y-o-y, supported by a steady increase in railway rakes. During H1FY23, the aggregate coal despatch to the power sector and CPP combined is more than 370 MT i.e. around 90% of the total coal despatch as against 87% in H1FY22.

The demand for electricity from April to May 2022 rose due to the intense summer season, which led to increased supply to the power sector.

Overall, rakes available to the power sector in H1FY23 increased by a significant 13% over the same period in FY22. However, Q2FY23 showed a decline compared to Q1FY23 owing to the impact of the monsoon season.

**Table 3: CIL's Rake Supply towards Power Sector (Average Number of Rakes Per Day)**

Average Loading in	FY23	FY22	Growth % (y-o-y)
April	261	243	7.2
May	274	245	12.1
June	278	222	25.2
July	248	211	17.9
August	233	211	10.3
September	232	221	5.0
<b>Total (Apr-Sep)</b>	<b>1,526</b>	<b>1,353</b>	<b>12.8</b>

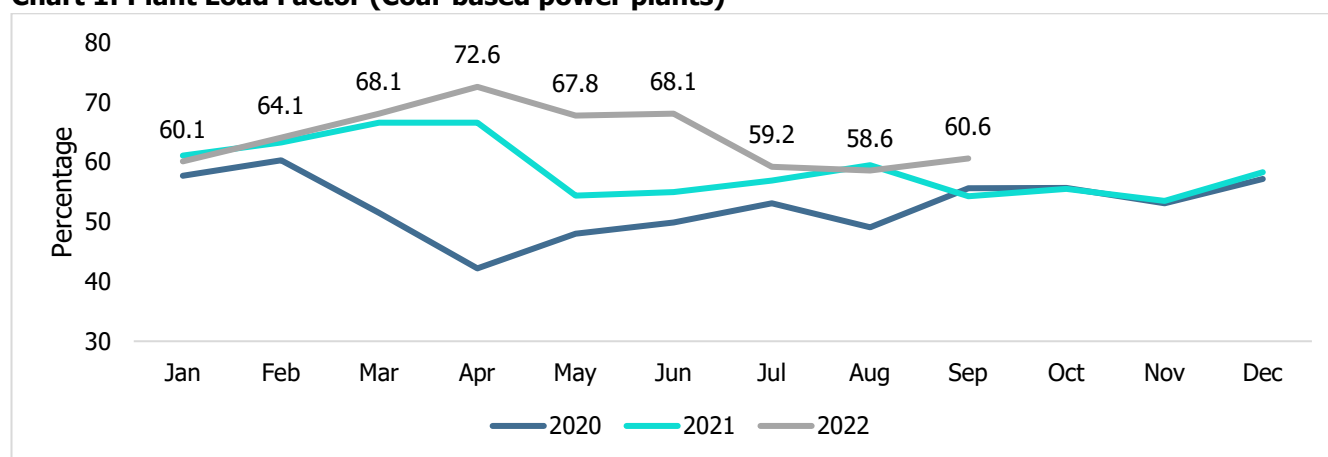
Sources: Ministry of Coal, CareEdge Research

Note: Data are Provisional

### Plant Load Factor

PLF (Plant Load Factor) or capacity utilisation is the proportion of electricity generated compared to overall installed capacity. In the past two months, PLF has fallen from 68.1 in June 2022 to 58.6 in August 2022. PLFs have been coming down due to a decline in demand for electricity and low utilisation of coal available at power plants.

**Chart 1: Plant Load Factor (Coal-based power plants)**



Source: Central Electricity Authority (CEA), CMIE, CareEdge Research, Data is provisional

As of October 24, 2022, the coal stock at non-pithead power plants has decreased slightly to 9 days from an earlier of around 10 days in August 2022. As per CEA, pithead power plants have around 84% of their normative stock available as of October 24, 2022, while non-pithead plants (non-pit head plants are power plants where the coal mines are more than 1,500 km away) have only around 44% of their normative stock available.

## Coal Imports

During FY23 up to August, coal imports have increased despite the surge in international coal prices. This increase in India's coal imports is mainly driven by non-coking coal, which forms more than 65% of India's coal imports. Coal traders and power sectors are the major importers of non-coking coal.

**Table 4: Total Coal Imports**

Type of Coal	April-August		Growth (%) Y-o-Y
	FY23	FY22	
Non-Coking	80.6	60.9	32.5
Coking	23.2	22.2	4.4
Others*	12.1	9.5	28.1
<b>Total</b>	<b>115.9</b>	<b>92.5</b>	<b>25.3</b>

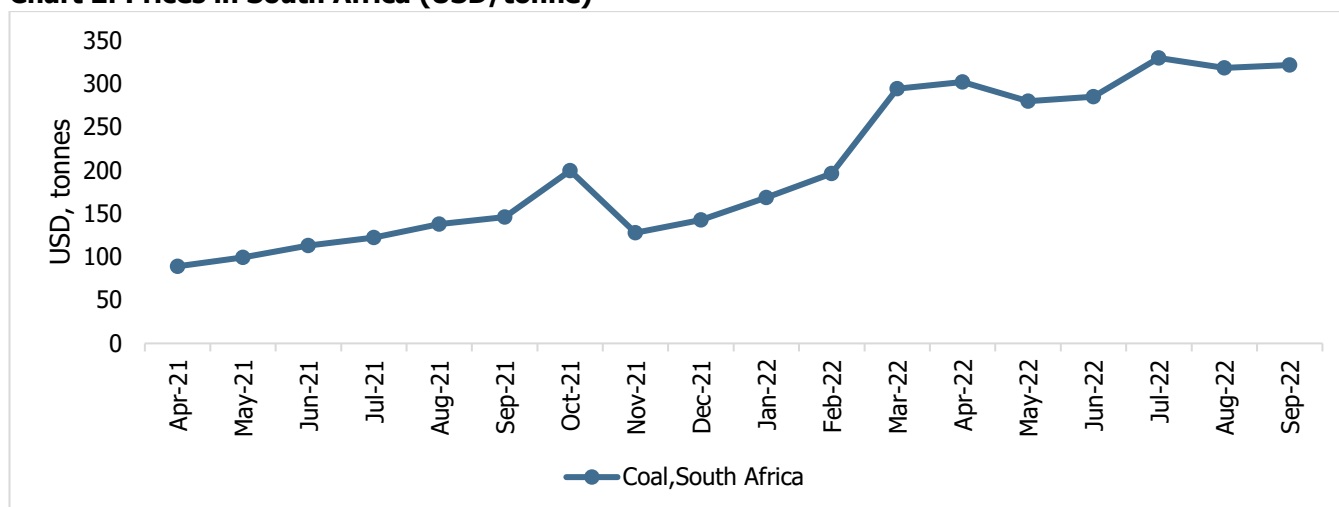
Sources: Ministry of Coal, CareEdge Research

Note: \*Anthracite, PCI Coal, Pet Coal, Met Coke

## International Coal Prices

Coal prices of South African thermal coal, a global benchmark, have been on an upward trajectory since November 2021 and the geopolitical tensions between Russia and Ukraine have caused significant price fluctuations since the beginning of FY23. As of July 2022, the global benchmark had crossed its all-time high price of around USD 300 per tonne in April 2022 and had reached USD 329 per tonne in July 2022, before settling at USD 321 per ton in September 2022. International coal prices are expected to remain elevated owing to the heightened geopolitical tensions.

**Chart 2: Prices in South Africa (USD/tonne)**



Source: World Bank, CareEdge Research

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