

Coal Crisis in India: October 2021

by Prashant Kumar

In October 2021, India faced a severe coal shortage. Many power plants operated with zero-reserve stock or with stocks that could last just a few days. Some states had witnessed partial load-shedding aimed at saving power. Finance Minister Nirmala Sitharaman, however, had reported worries about a possible shortage of coal and power supplies "absolutely baseless" and was said to have asserted during the course of a trip to the U.S. that India is now a power-surplus country.

Introduction

Union Minister R.K. Singh had mentioned the fact that the situation would be uncomfortable for a few upcoming months. Chief Ministers of Delhi, Punjab, and Andhra Pradesh had flagged the issue of shortage of coal at power plants. Delhi Chief Minister Arvind Kejriwal said that the national capital could face power outage if the Centre did not quickly resolve the problem.

Causes

There were majorly 4 reasons which have caused this shortage so far:

- 1) Unprecedented increase in demand for electricity due to revival of the economy.
- 2) Heavy rains in areas of coal mines during September 2021, thereby adversely affecting coal mines from production as well as dispatch of coal from mines.
- 3) Increase in prices of imported coal to unprecedented high levels leading to a sustainable reduction in power generation from imported coal-based power plants, which ultimately led to more dependence on domestic coal.
- 4) Non-building of adequate coal stocks before the onset of monsoon. The Power Ministry had said that "the daily consumption of electricity has crossed beyond 4 billion units per day and 65-70 percent of the demand is being met by coal-fired power generation only." Power consumption for the period August- September had progressively increased from 106.6BV per month in 2019 to 124.42BV per month in 2021.

During the period, coal-based shares in power generation had also increased from 61.91% in 2019 to 66.35% in 2021. As a consequence, total consumption of coal in the period of August - September 2021 had increased by 18% in comparison to the corresponding period in 2019.



Impacts of the Shortage

Industries faced electricity-shortage, which could have delayed India's economy reopening. Some of them downscaled production, such as steel, poultry, meat, dairy industries, etc. This could negatively impact India for a longer period of time, due to its ever increasing population and under-developed infrastructure. Also, an increase in steel prices was observed till the power shortage persisted.

Solutions

We can overcome this shortage crisis and mitigate these negative aspects by taking certain firm and energy-friendly steps:

- 1) The Power Ministry should constitute a Core Management team, to manage the coal stock and its equitable distribution .
- 2) Representatives from MOP, CEA, POSOCO, Indian railways and CIL should be tasked with ensuring daily monitoring.
- 3) The central government should purchase the coal from abroad, like from Australia, African countries etc.
- 4) The state governments should aware the people regarding the coal shortage.

