
CIL blames power sector for coal shortage

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BL reported that there seems to be no end to the confusion and controversy over the real reasons behind the coal shortage at large number of power plants across the country. As per the report, while arguments galore criticizing the role of Coal India Limited catering to 80% of country's coal requirement in creating the crisis, the Indian coal major on the other hand blames the power sector for practically inviting the trouble.

According to Mr PS Bhattacharyya chairman of CIL, while the coal major has supplied 95% of the promised quantities during the first 4 months, it is lower imports than promised by the power sector in the annual action plan, prepared by both the ministries has made all the difference.

He said that "During the first 4 months CIL has supplied 95% of the targeted 22.5 million tonnes to power sector during the first 4 months. On the other hand, power sector imported only 2.5 million tonne coal, 56% less than the targeted 5.7 million tonnes during the period."

According to CIL, considering that the heat value of imported coal is generally one and a half times of the Indian thermal coal, the real impact of the shortfall is higher than perceived.

CIL sources suggested that it may be over dependence of power sector on short term domestic coal linkages due to zooming global prices vis-à-vis low cost of coal in the regulated Indian market. Short term supplies are made by CIL on availability basis and without any contractual obligation.

The report added that thermal coal is currently available in the global market at USD 130 tonnes to USD 140 tonnes almost double than the corresponding period last year. In comparison, the best quality thermal coal sold by CIL is priced between USD 25 tonne to USD 50 tonne at the prevailing exchange rate.

According to Mr Bhattacharyya, even if the imports are stepped up in the remaining part of the year, lower availability of wagons post monsoon may pose further hurdles.

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