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## Indian coal imports growing at 17% annually

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BL reported that coal imports have recorded a compounded annual growth rate of 17.1% between 2003 and 2008. Simultaneously, exports of coal have come down during this period with a CAGR of (-) 0.1%.

However, import is growing an all types of coal, coking coal, non coking coal as well as coke mainly because of the low calorific value of domestic coal and shortage in domestic production.

According to the report, despite shortage in domestic supply and the growing trend in imports, large scale imports of thermal coal by the power sector are ruled out because the boilers of many existing power plants are not designed to handle coal with high calorific value, inadequate handling facility in the Indian ports, volatility in international coal prices, high ocean freight rate, foreign exchange risk and inadequate inland transport infrastructure.

Meanwhile, coking coal used by the steel sector is expected to further go up, particularly in view of the new steel capacities that are coming up. The ICRA study has pointed out that the coking coal supplied by Coal India Ltd to the steel plants of Steel Authority of India Ltd from the coking coal reserves at Jharia and West Bokaro Coalfields have deteriorated steadily and now has an ash content of around 18% to 20% as against an ash content of 9% to 10% in imported coal.

The report further added that the steel manufacturers import around 50% of their coal requirement and 95% of India's imports are from Australia.

(Sourced from Business Line)

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