

Steel mills seek long-term coking coal linkages through auction route

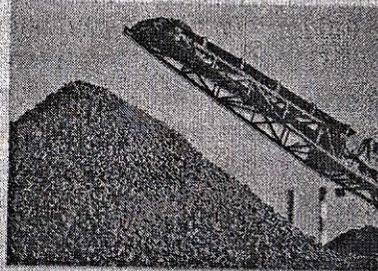
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New Delhi

The country's steel mills are pitching for long-term coking coal linkages "through the auction route", while they have sought the Centre's intervention in bringing down the notified price of domestic coking coal "in view of quality parameters".

In a letter to Coal Secretary Amrit Lal Meena, the Indian Steel Association has demanded that the reserve price for linkage auction (mines) be equal to the notified price of coal, that is, it should not include any marked up premium over the notified price.

Long-term investment commitments by steel mills have also been hit by the absence of raw material sup-



India's coking coal imports in FY22 were 56 million tonnes valued at nearly \$15 billion

port and lack of washery infrastructure, the association said.

PUSH FOR WASHERIES

In the letter, the association also requested coking coal linkage from Bharat Coking Coal Ltd (BCCL) and Central Coalfields Ltd (CCL) under the 'Mission Coking Coal' initiative. It further noted that in FY22, BCCL and CCL together produced 46 mt of coking coal, of

which 5-6 mt was supplied to the steel sector, and the rest diverted to the power sector, in the absence of adequate washery capacities and given the "burgeoning energy requirements of the country".

"It is noteworthy that in case adequate washery capacities were available in the country, nearly 15-16 million tonnes (mt) of additional washed coking coal (yield of 33 per cent) could have been generated for the steel sector, thereby reducing imports. The Indian steel industry is willing to invest in establishing modern washeries with the latest technology, provided it is assured of adequate supply of raw coking coal, which is currently diverted to the non-steel sector," the letter said.

"At the projected steel capacity of 300 mtpa in 2030-

31, the demand for coking coal is likely to touch 161 mt and the import bill will swell to \$35-40 billion," it said.

TROUBLE WITH AUCTION

The steel mills also said the coking coal auction policy has "moved in the opposite direction" and previous practices such as exclusive e-auction have been done away with.

Coal from BCCL and CCL is being auctioned with spot/small quantity buyers, it said, pointing out that in the last few spot e-auctions, it was observed that many smaller players bid for 50/100 tonnes of washery grade coals, which are best suited for coke making.

Steel players are deprived of such allocations due to high to extremely high premiums, the mills said in their letter.