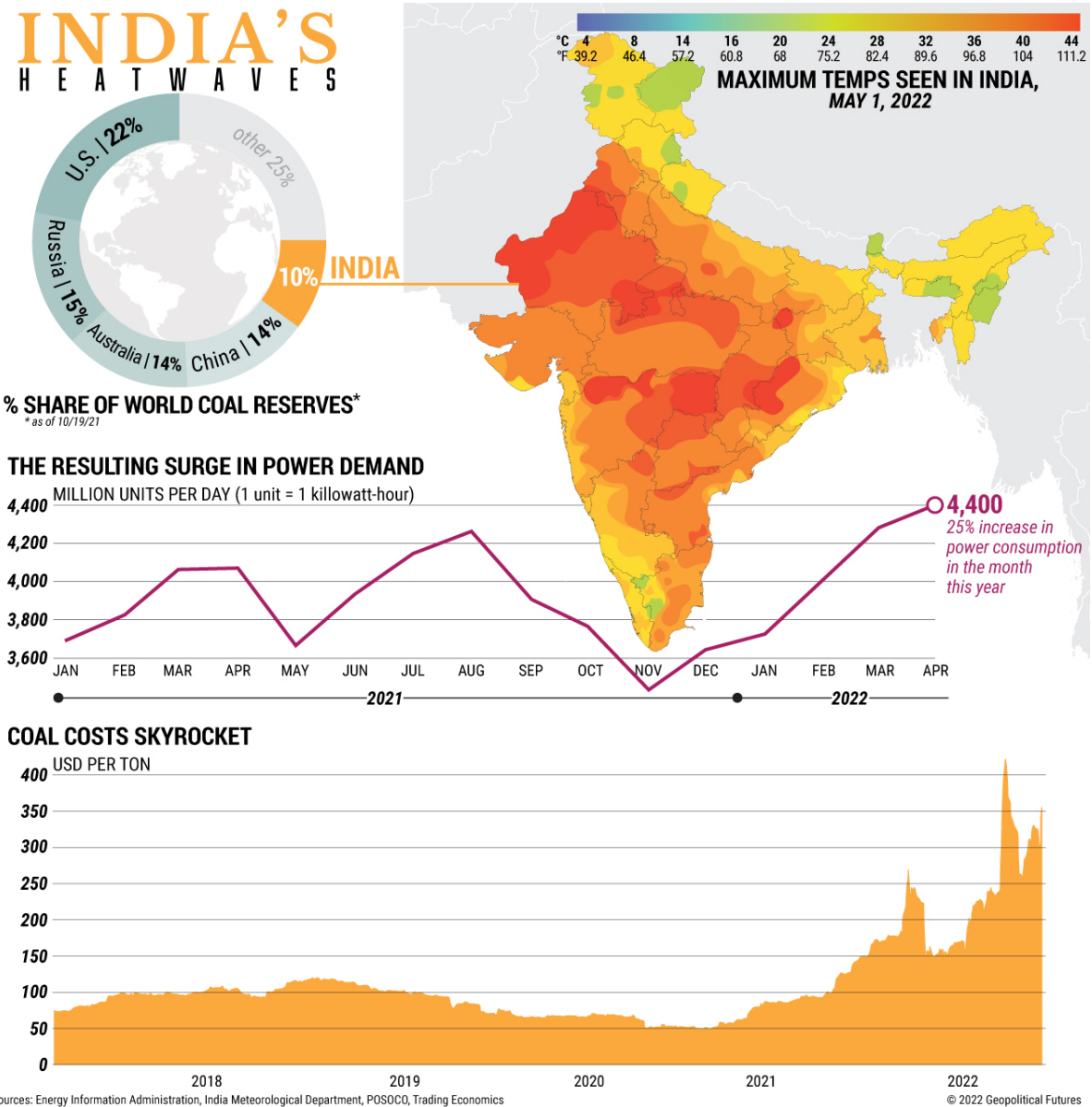


India Powers Down

by Geopolitical Futures - May 6, 2022



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Although India has some of the world’s largest coal reserves, its massive power consumption means that it also must import coal to meet its energy needs. India is facing a two-part coal conundrum:

supply shortages and rising prices. Oil and natural gas prices were already rising as economies across the globe came back online from the pandemic. Between the recovery and the price hikes provoked by Russia's invasion of Ukraine, many countries turned to cheaper energy alternatives, including coal. This, in turn, pushed up coal prices.

The situation is concerning for the Indian economy on several fronts. April's power demand was well above peak consumption last summer, and power plants are now in a weaker position to meet upcoming summer demand. Coal shortages and slumping inventories have created electricity shortages in major Indian cities, including New Delhi, where hospitals have been affected. Sixty percent of households in India have already experienced some level of daily power cuts. The government is making plans to increase domestic coal output and reduce coal supplies to the non-power sector. The supply cuts will affect aluminum smelters, steel mills and other industrial activities, risking the country's economic recovery.

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