

Coal India plans to more than halve workforce to 100,000 in 7 years [← Back](#)

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By Avishek Rakshit

KOLKATA – Coal India Ltd plans to reduce its non-executive workforce by around 60% over the next 6-7 years as it aims to improve operational efficiency and financial performance.

The coal major plans to bring down the number of workers to 100,000 from 245,000, sources aware of the plan told Informist.

Coal India plans to achieve this by a mix of not filling up the vacancies created due to retirement of workers, increased mechanisation and privatisation of operations.

"Around 14,000-15,000 employees are retiring every year, but we will not fill up these vacancies totally," a senior company official said. "Thus, over a period of time, the non-executive workforce would reduce gradually."

In the process of having lesser workforce, Coal India has also been closing down underground mines, which typically need more workers, and is not looking at opening any new mines which require a heavy workforce.

"We are also closing smaller mines and the production from those mines will be compensated by the larger ones," a company executive said.

Over the last five years, around 18,600 workers have been transferred to other larger mines.

Further, the company is emphasising one-time settlement with owners as part of the process for acquiring land for mining purposes. Historically, Coal India used to offer employment to those selling their land, besides payments for land in this process.

Coal India has also been focussing on increasing privatisation of operations, which will play a major role in its ongoing and upcoming investments.

For example, the company's investments with first-mile connectivity, may not require it to deploy its own workers.

"It is maintained by contractors in the initial years and thereafter we are outsourcing both operations and maintenance to companies in the private sector," a second company official said.

To enhance production levels while reducing the workforce, Coal India is improving productivity in mines through increasing mechanisation as well as hiring of contractual workers who are not directly on its payroll.

Coal India has over 65,000 contractual workers, according to trade union sources.

On an average, the coal major's permanent workforce, which is larger than the contractual workforce, accounts for only 30% of the total production and the rest is mined by outsourced workers, the Coal India executive quoted above said.

Investors have been raising concerns over Coal India's financial performance given the sizeable employee strength it has on its payroll. Wages account for around 37% of the Maharatna's total production cost.

The concern gained momentum last year when wage negotiations started after the previously negotiated wage agreement lapsed in June 2021. Workers are demanding a 50% hike in wages this time. Last time as well, they had demanded a similar hike but settled for a 20% increase.

In order to manage the increase in costs, Coal India plans to reduce the workforce, besides pushing for raising coal prices.

At 1433 IST, shares of Coal India were trading 0.5% higher at 177.70 rupees on the National Stock Exchange. End

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Edited by Michael Correya

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