Need for a Coal Commission for India

What is the issue?

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- With the increasing emphasis on transition to renewables, India is moving away from coal.
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- This calls for a coal commission for India, to devise the needed strategy and protect the livelihood of those in the coal belt.
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What is Germany's coal commission for?

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- In Germany today, there is an existential tug-of-war between the coal industry and the country’s “coal commission.”
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- The Coal commission is formally known as the Committee on Growth, Structural Change and Employment.
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- It is slowly but surely setting targets for the phase-out of coal-based power generation from the country’s energy mix.
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- The commission, a political settlement mechanism, is made up of 28 members with voting rights.
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- It includes trade union leaders, industry associations, academics, and regional representatives.
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- The commission will determine how and when coal’s phase-out will occur.
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- Besides, one of its key objectives is to prevent massive structural unemployment.
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Does India need a similar commission?

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- India is at the early stages of a major energy transition.
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- Within a few decades, renewable energy (RE) will become an increasing part of India’s energy mix.
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- But India’s thermal coal base still provides over 60% of the country’s overall generation and is still growing.
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- More importantly, roughly 15-20 million people in the coal belt are dependent on the coal industry for their livelihood.
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- The geography of India’s wind and solar resources versus coal makes it clear that RE jobs will not be coming to the coal belt in large numbers.
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- So there is a crucial need for a transition strategy for the coal belt, particularly in eastern India.
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- It is high time that India works on a commission similar to that in Germany, for devising a strategy.
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What were the earlier measures?

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- Various central government committees have been set up over the years to look into mining and energy industries.
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- In the early 1970s, the Fuel Policy Committee under Sukhomoy Chakrabarty made key recommendations about the direction of Indian energy policy after the oil price shocks.
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- In the 1990s, the Chari Committee made recommendations about opening up India’s coal industry to private involvement.
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- In the 2000s, the Hoda Committee recommended changes in India’s mineral exploration environment to encourage private mining companies.
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- More than a decade later, these ideas are slowly being implemented.

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- Finally, the Integrated Energy Policy of 2006 articulated India’s energy security priorities.
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- It laid out a roadmap for phasing out capital subsidies and providing early support to RE.
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How does the future look?

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- The government should consider a committee to consider the future of India’s coal industry, and the PSUs engaged in this.
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- Companies like Coal India face no immediate threat to either coal demand or their market power.
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- But in the future, both these concerns will come up.
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- Also, the divergence in economic performance and incomes between India’s states has intensified over the last decade.
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- So public spending and investment have become increasingly necessary in poorer states.
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- Notably, many coal-bearing states are also in the bottom third by income per capita - Jharkhand, MP, Odisha, Chhattisgarh and WB.
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- Public investments can go a long way in addressing the challenges of the region.
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- Evidently, PSUs have been fairly well and have continued to operate in eastern India for decades.
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- With private investment largely evading the coal belt, PSUs like Coal India have built up considerable social and political capital in these regions.
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- This is despite the political complexities, adverse business environment, and infrastructural constraints in the region.
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What are the alternative solutions?

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- Indian “coal commission” can assess the feasibility of alternative mechanisms to capitalise on the potential of companies like Coal India in the coal belt.
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- The social and political capital that they have created can be used to lead towards other activities.
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- These companies could become diversified national champions as part of a new industrial policy for the coal belt.
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- Indian coal could be used for non-combustion purposes and the required technologies for such a transition should be adopted.
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- E.g. the Dankuni Coal Complex outside Calcutta
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- The goal of the plant was to produce piped gas for Calcutta, and various smokeless fuels and other chemical products derived from coal.
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Source: Indian Express

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