Retuning the Coal Sector

What is the issue?

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- The government recently gave some details on coal mining to the Rajya Sabha.
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- Given the ambition on phasing out coal in India, the figures call for policy measures to better control and regulate the coal sector.
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What do the figures show?

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- Two years ago, the government had announced that India does not need any imported coal and instructed states as well as NTPC to stop imports.
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- However, coal imports have grown 15% in the first 7 months of the current fiscal year.
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- States such as TN, Karnataka, Maharashtra and Gujarat, along with NTPC and some private units in Punjab and MP, have issued tenders totalling 12.5 million tonnes.
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- This has happened because India’s domestic output has not been able to keep up with the country’s demand.
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- The demand grew at 7.6% during April-September, the highest in the past 5 years. The power demand is set to rise further.
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What are the drawbacks in the coal sector?

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- The shortage of coal is just a symptom of a deeper problem.
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- Almost 95% of India’s coal mining output is by the public sector.
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- Within this, Coal India Ltd (CIL) alone accounts for four-fifths of India’s production, making it, possibly, the world’s largest coal producer.
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- But CIL's monopoly status has yielded little in terms of production techniques, quality of output, and environmental footprint.
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- Indian coal mining is lacking in efficient and safer mining technologies, pit-head dust mitigation, coal washing, regeneration of forests, and restoration of open-pit mines.
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- Besides these, almost a year has passed since the coal sector was opened up for private players.
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- But most of them are hampered by the network of clearances and permissions.
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What is the need now?

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- Even as India ramps up its renewable energy sector, coal-based thermal power will continue to be a major component of its energy portfolio for decades to come.
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- Improved coal mining and processing technologies are therefore critical for both production and the environment.
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- Globally too, mining practices have changed dramatically with significantly greater capital intensity than is the current norm in India.
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- India needs a shift towards improved regulation monitoring and enforcement in coal mining, beyond private companies' entry.
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What should be done?

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- Enabling greater investment in coal mining is essential from all perspectives, be it safety, production or ecology.
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- Coal miners need to be held directly responsible for safer and more humane mining practices and state-of-the-art environmental practices.
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- There has to be a greater role of the private sector, including global players to achieve these objectives.
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- Given that important mines are already locked in the public sector, Coal India can be divided into smaller entities which can be privatised.
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- This will result in greater competition, investment and improved mining efficiencies as well as better safety.
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Source: Business Standard

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