



Retuning the Coal Sector

What is the issue?

\n\n

\n

- The government recently gave some details on coal mining to the Rajya Sabha.

\n

- Given the ambition on phasing out coal in India, the figures call for policy measures to better control and regulate the coal sector.

\n

\n\n

What do the figures show?

\n\n

\n

- 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.

\n

- However, coal imports have grown 15% in the first 7 months of the current fiscal year.

\n

- 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.

\n

- This has happened because India's domestic output has not been able to keep up with the country's demand.

\n

- The demand grew at 7.6% during April-September, the highest in the past 5 years. The power demand is set to rise further.

\n

\n\n

What are the drawbacks in the coal sector?

\n\n

- \n
- The shortage of coal is just a symptom of a deeper problem.
- \n
- Almost 95% of India's coal mining output is by the public sector.
- \n
- Within this, Coal India Ltd (CIL) alone accounts for four-fifths of India's production, making it, possibly, the world's largest coal producer.
- \n
- But CIL's monopoly status has yielded little in terms of production techniques, quality of output, and environmental footprint.
- \n
- 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.
- \n
- Besides these, almost a year has passed since the coal sector was opened up for private players.
- \n
- But most of them are hampered by the network of clearances and permissions.
- \n

\n\n

What is the need now?

\n\n

- \n
- 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.
- \n
- Improved coal mining and processing technologies are therefore critical for both production and the environment.
- \n
- Globally too, mining practices have changed dramatically with significantly greater capital intensity than is the current norm in India.
- \n
- India needs a shift towards improved regulation monitoring and enforcement in coal mining, beyond private companies' entry.
- \n

\n\n

What should be done?

\n\n

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

\n\n

\n\n

Source: Business Standard

\n



IAS PARLIAMENT
Information is Empowering
A Shankar IAS Academy Initiative