



Energy Security Dialogue

Coal for India's Energy Security: Where are we heading?

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Coal has been the country's mainstay of energy supply and is likely to continue playing a significant role in meeting the demand for energy. Currently, it accounts for over 50% of the commercial energy requirements in the country¹. Despite reported figures of a relatively large coal resource base as compared to other fossil fuels, the country has been facing shortages of coal from time to time.

The demand and supply projections for coal in the future by various study groups show an increasing gap between the demand and supply of domestic coal, which may result in increased imports. Also, our reserves are often overstated as the reserves assessment process does not take into account the quality, technical feasibility and economic viability of coal mining/ exploration.

With this background, the fifth dialogue of the series focused on coal. The dialogue sought to focus on the following key points:

- How much coal do we have? How much domestic coal can we produce? Where do we source the imports that we will need?
- What is the role for private and public players if coal is to have such a key role in our energy strategy?
- What are the coal transport infrastructural needs and how are they to be met?
- What should be the appropriate coal supply arrangements to ensure the quality and reliability of coal supplies to the consumers?

Key takeaways

- India must take steps towards getting more reliable data with respect to coal availability.
- Geophysical constraints may make exploitation difficult, and therefore the need to develop capacity for deep drilling and chemical analysis laboratories.
- Choice of technology paths should be made judiciously keeping in line with the requirements and nature of the resource.
- With regard to coal mining, compensation for land used for mining is a core social issue. If a part of the compensation is given in the form of debentures or shares in the project or company, people would see themselves as partners in the

¹ Planning Commission (2006) Report of the Expert Committee on Integrated Energy Policy pp. 110

project and resistance may come down. This may however be a problem for intermediaries and touts, who lose out on payments at the cost of the people who are at loss.

- It is easier to source coal from abroad in comparison with petroleum as coal is more widely distributed geographically and the countries rich in coal are free from geopolitical risks.
- India needs to integrate with international coal mining and trading. Lack of trade infrastructure is a problem that needs to be addressed alongside.
- CIL should focus on coal available domestically and consumers of coal should engage in getting equity in coalfields abroad.