

FICCI President reiterates the need to ramp up production of domestic coal resources to meet long-term goals of coal sector

NEW DELHI, February 6, 2013. The proposal put forth by the Ministry of Coal for consideration of the CCEA, as has been reported in the media, to meet current fuel shortages by pooling of coal prices is misplaced and FICCI feels that such measure can only provide respite in a short-term horizon. "What we should not miss is that pooling of coal prices results in subsidisation of expensive imported coal by cheaper domestic coal. In addition to greater incomes to other nations, this will also mean creation of more jobs in foreign lands. Besides, this will further reinforce the inherent inefficiencies in the present exploitation of our domestic coal reserves," said **Ms. Naina Lal Kidwai, President of FICCI.**

Coal is likely to remain India's mainstay to meet its fuel requirements. FICCI strongly feels that this sector needs to be strategically developed and no quick-fix solution can work to meet our long-term goals.

FICCI would, once again, like to reiterate the need to ramp up production of domestic coal resources. Some of the measures that need immediate consideration are:

*Restructuring of Coal India Limited (CIL): This will be a long-term measure with reforms in phases. The government's intent to hive off CIL's subsidiaries as independent entities is welcome. However, the same need to be augmented by appropriate administrative and operational reforms to enable CIL to ramp up its mining productivity, consistent with international mining standards.

Besides, a move to divest the government's stake in CIL to 51% in tranches as per market demand will also unshackle this mega company and enable it to progress.

* Opening up of coal exploration for commercial mining to bring in private investments, improving efficiency and accelerating production. Competitive bidding of coal blocks and advent of Mine Developer-cum-Operator (MDO) licenses are some of the ways to bring in competent players to the sector.

* Increased infusion of mechanisation in coal mining: Techniques and procedures which reduce manual operation and are environmentally benign are needed to be adopted. For instance, Powered Support Long-Wall and Continuous Miner technologies and the usage of remote controlled Load Haul dumpers should be encouraged wherever feasible to bring the productivity in line with international standards.

FICCI Media Division