

Commercial coal mining to lower power tariff

The opening up of commercial coal mining to private companies will bring in competition in the coal sector and reduce power tariff, a top official said today.

"Let's begin by saying commercial coal mining is a very big reform in the coal sector and the idea is to bring in competition for the monopoly coal miner, which is a public sector company called Coal India (CIL)," Coal Secretary Susheel Kumar told PTI.

India is in the process of throwing open commercial coal mining to private firms for the first time in four decades, with the aim of shifting the world's third-biggest coal importer towards energy self-sufficiency.

"So, this is the intervention which the government wants to bring in. And what we wish to achieve ultimately in the coal sector is to reduce the prices of coal so that our ultimate end-use consumer who is a power consumer gets power at cheaper rates," the secretary explained.

The government, he said, wants to convey to potential investors that sustainable and efficient mining, not revenue maximisation, is the idea behind commercial coal auction.

"The objective of the government is not maximising the revenue. The idea is not to earn money... So, whatever model we work out, we will work out in such a way that objective (of sustainable and efficient mining) is met and prices of coal come down," Kumar added.

As per the Coal Mines Special Provision Act of 2015, the government can open up commercial coal mining for private players.

With a chunk of population going without electricity, Kumar suggested that the government should ensure these people get power.

"So, the entire (coal) sector is operating in such a way that we reduce prices, and what is the mechanism? The mechanism is competition, more efficiency, more mechanisation. What we hope to achieve through commercial mining is these mines will attract efficient power sector players who will invest in a big way and bring in that efficiency, ultimately reducing the prices," the secretary added.

The government plans to auction four blocks under commercial mining in the first phase.

A group of secretaries has also suggested that the government should create competition for CIL by opening up commercial coal mining.