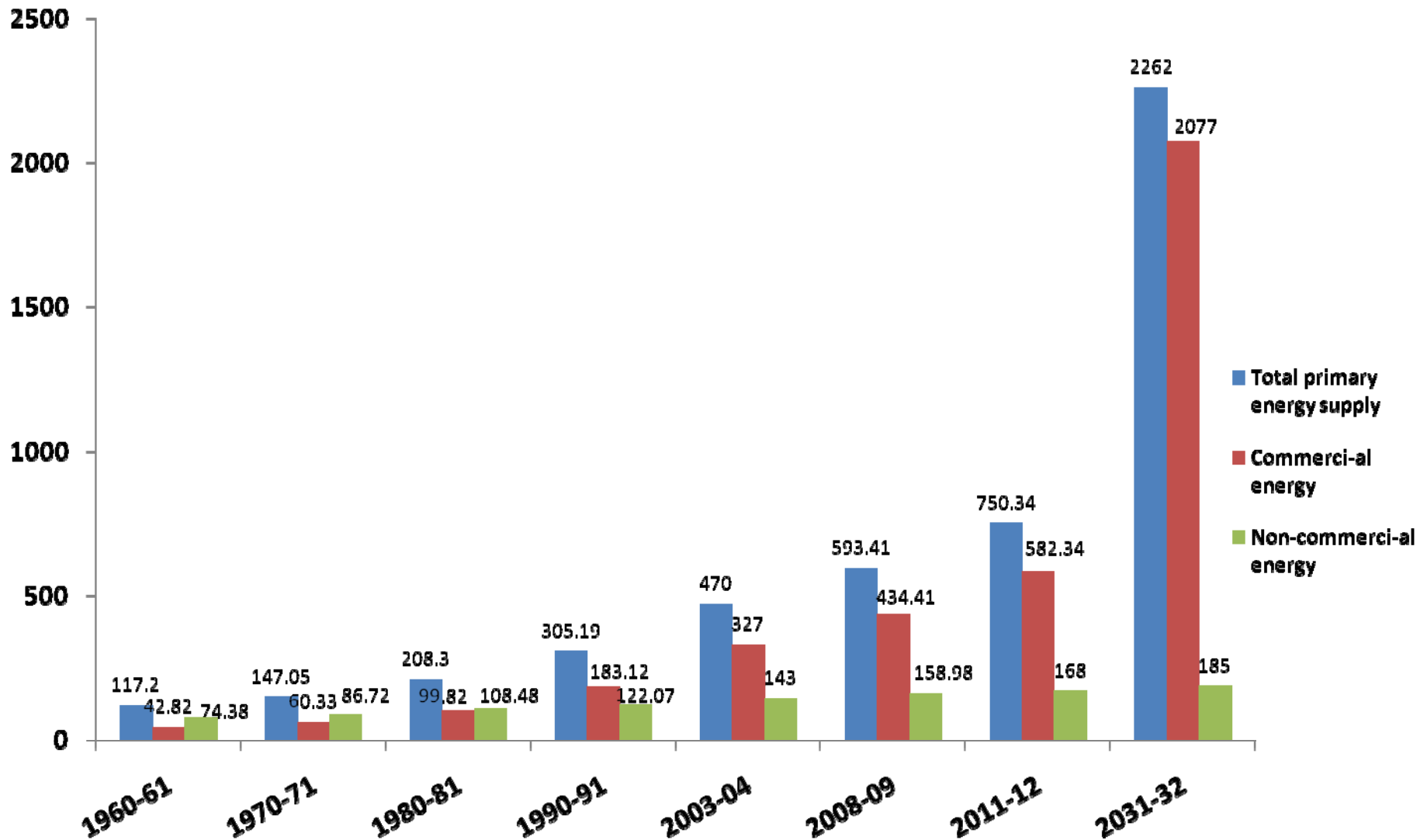


Development Policy for Coal in India

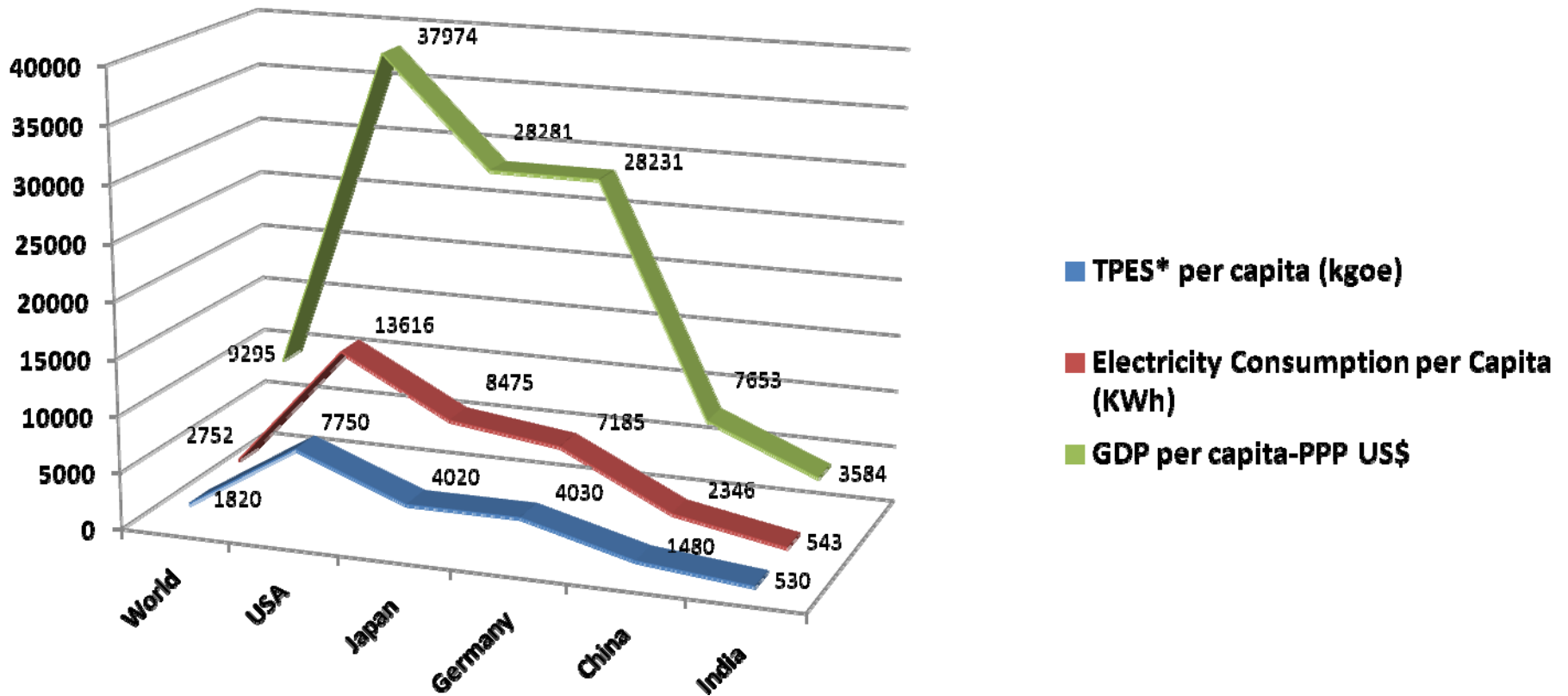
**Australia India Energy & Minerals Forum
7-8 June 2010, Perth, Australia**

**D.N. Prasad
Director (Technical)
Ministry of Coal
Govt. of India**

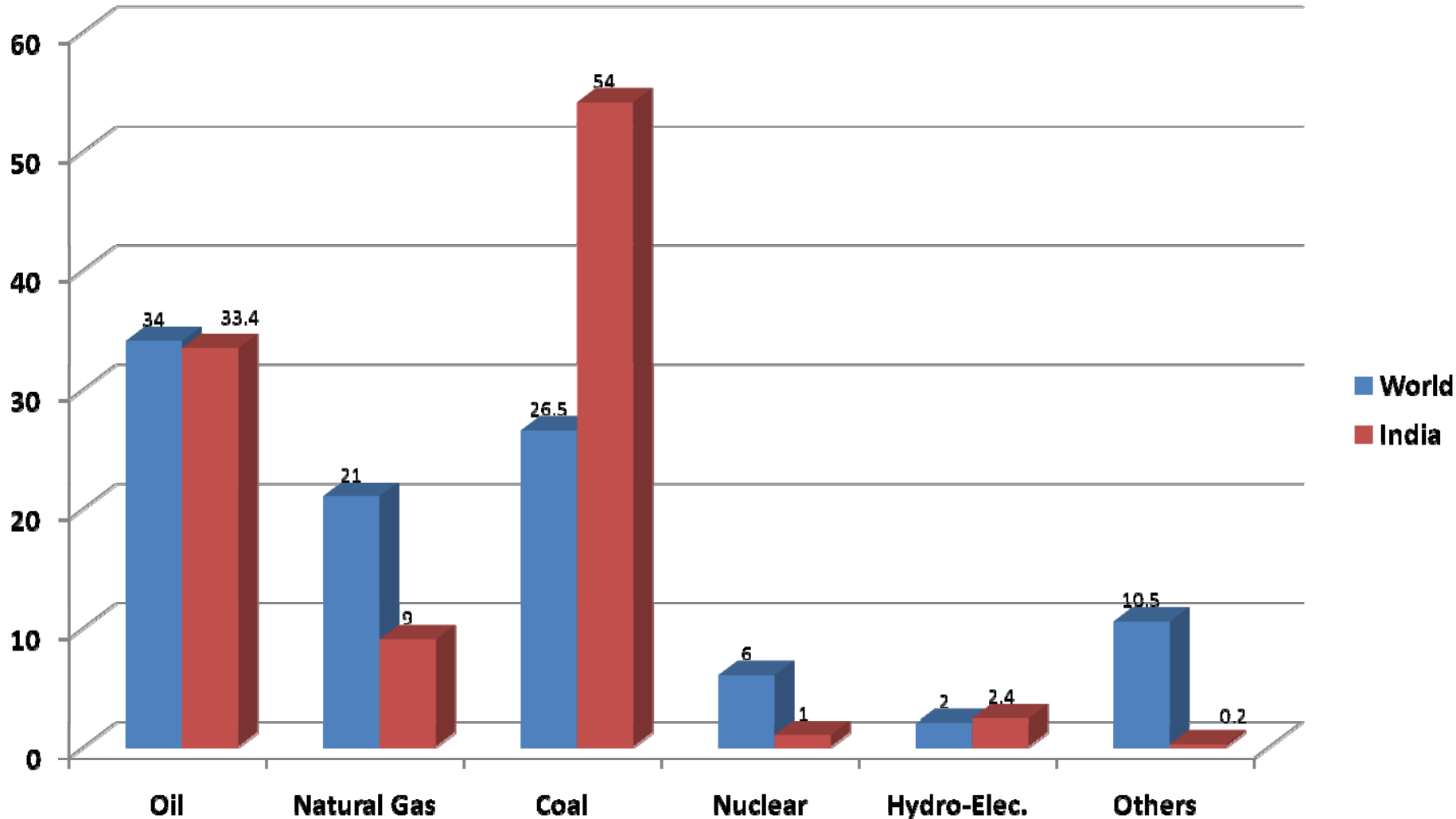
Trends in India's Primary Energy Supply (Mtoe)



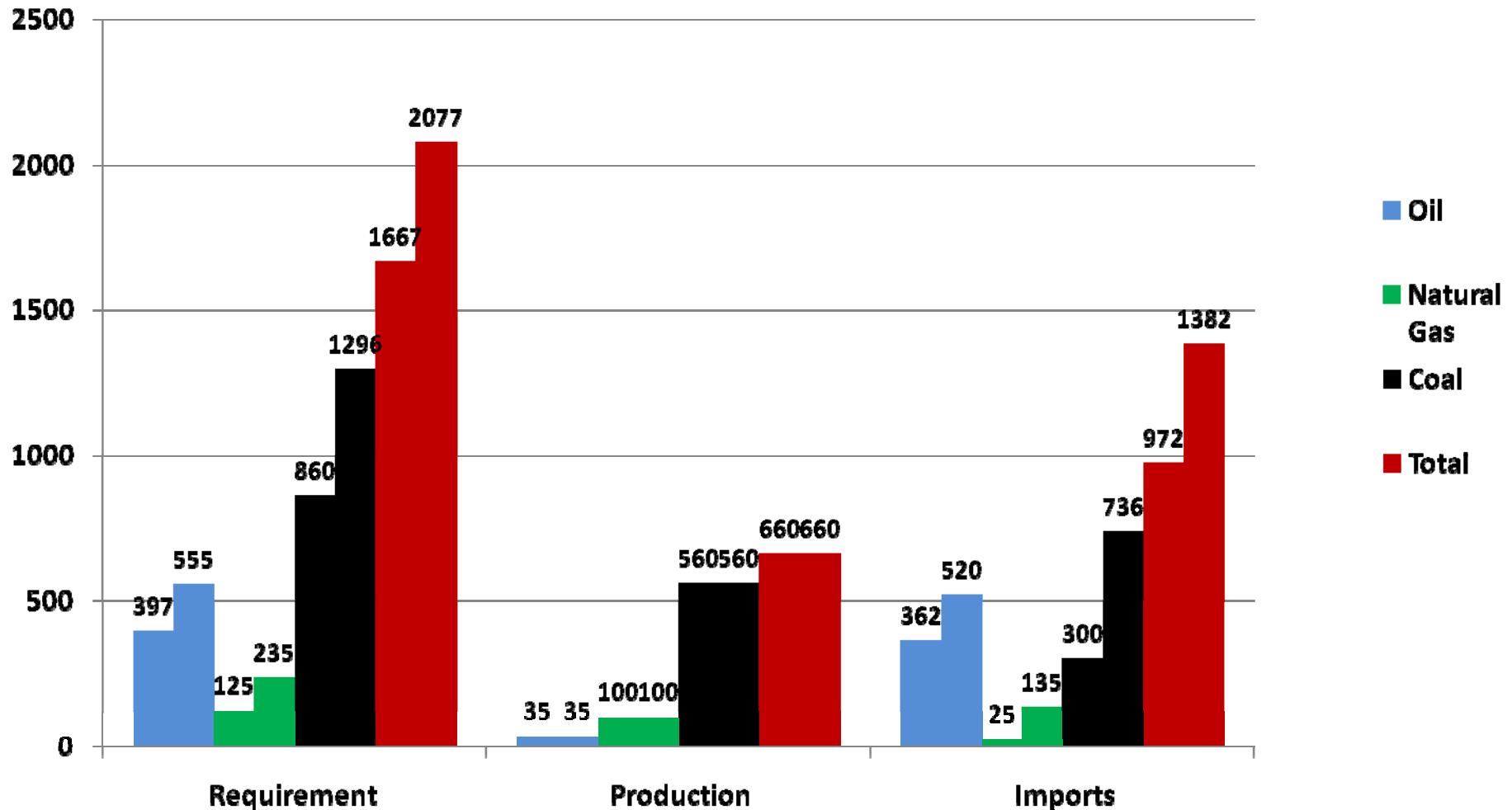
Per Capita Energy Consumption (2007)



Fuel wise Primary Energy Supply World vs India-2006(%)



India's Projected Range of Commercial Energy Requirement in 2031-32 (Mtoe)



Challenges in Energy Supply

- Nearly 600 million population do not have access to electricity
- About 700 million use biomass as their primary energy resource for cooking
- About 30% population is below poverty line
- Ensuring life line supply of clean energy is essential
- To overcome poverty, India's GDP needs to grow at over 9%

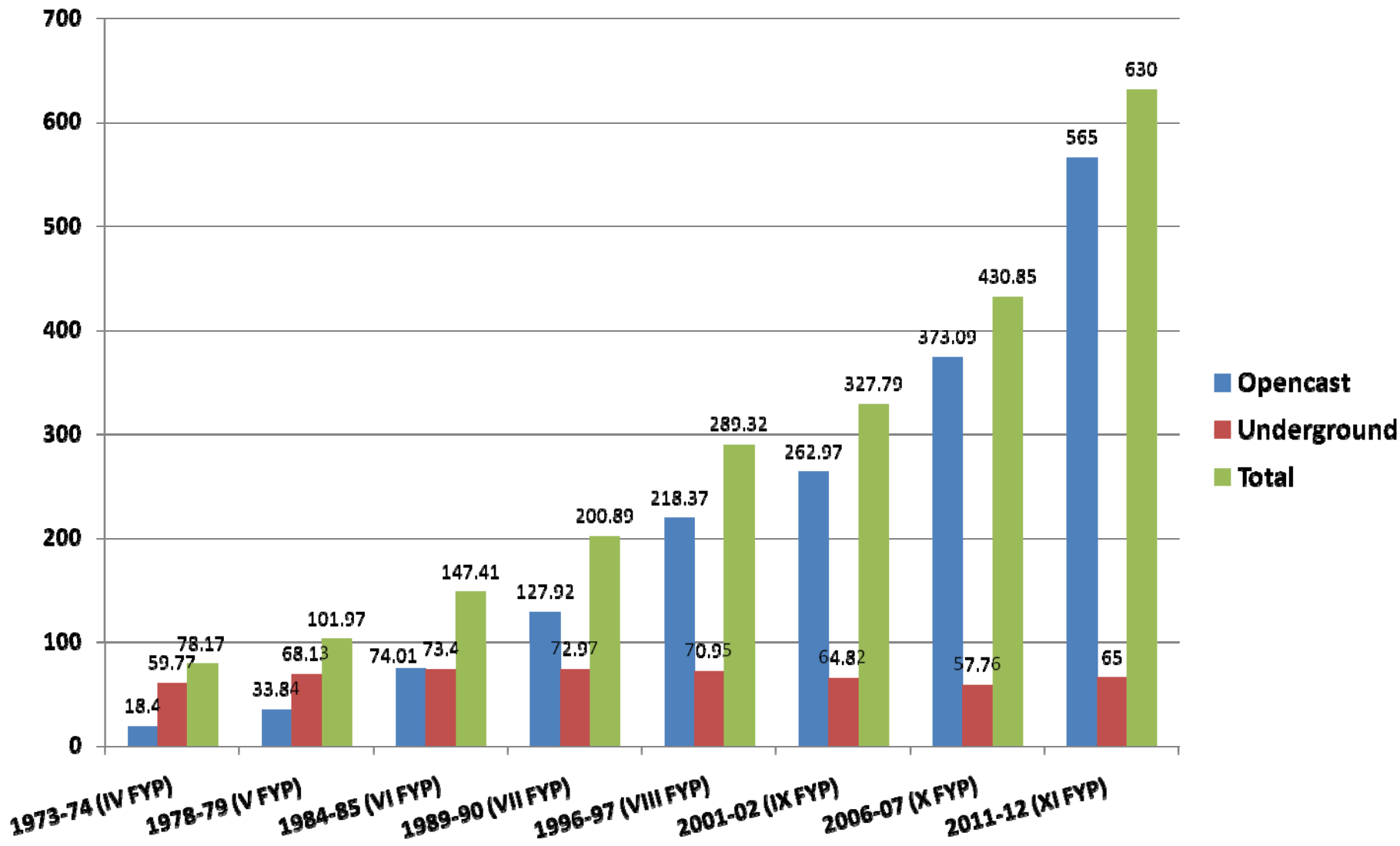
Challenges in Energy Supply (contd.)

- India's energy supply comes from different sources, coal, hydro power, oil & gas, nuclear and various forms of non conventional energy
- Broadly Oil & gas resources are concentrated in western region; coal in eastern region; hydro resources in north & north eastern regions and lignite in southern region
- Our energy strategy aims at utilising all available domestic energy resources to the optimal output in a competitive manner to ensure that total energy requirements are met in a least cost manner for which energy pricing is critical

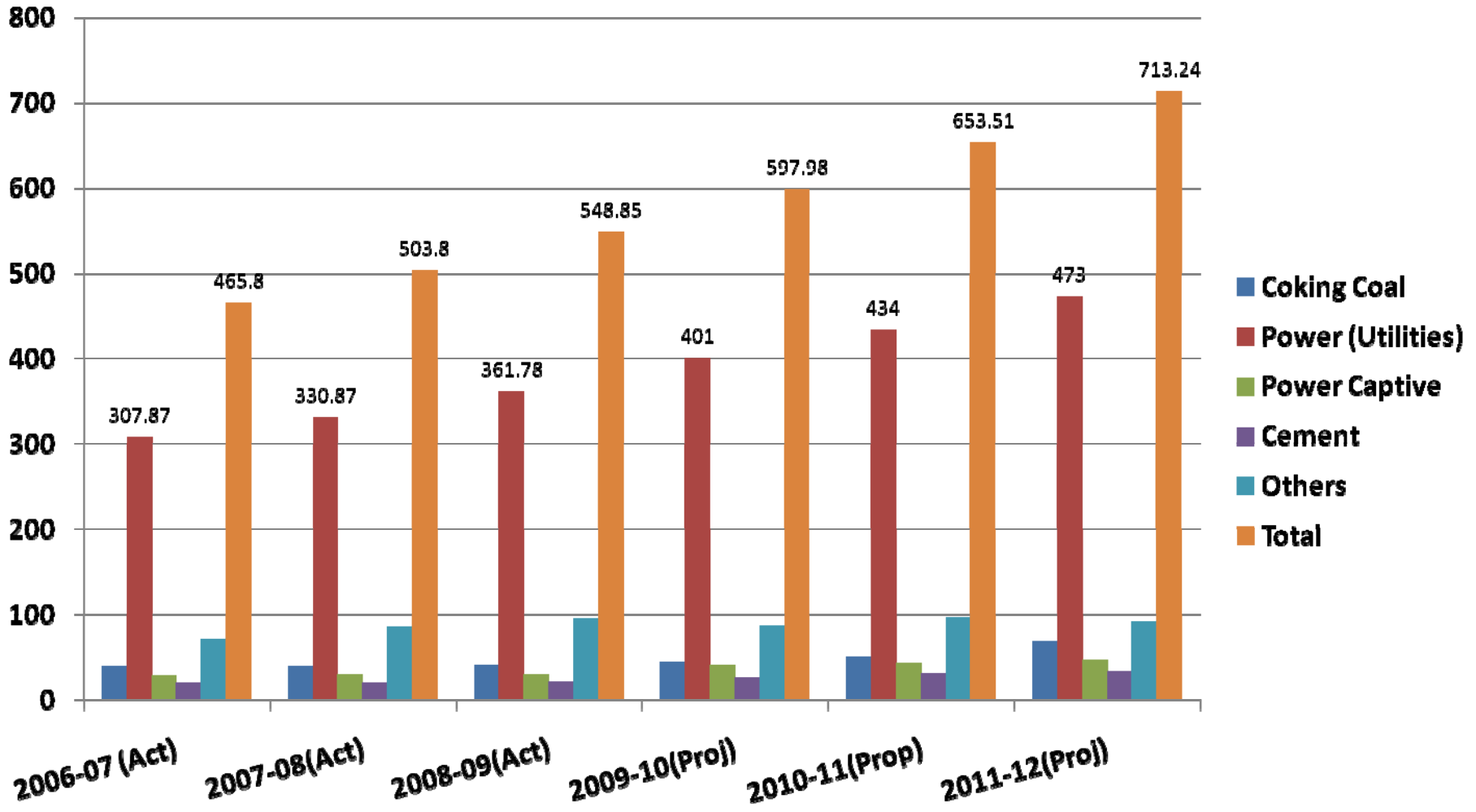
Reliance on Coal

- About 55% of primary commercial energy and 70% of power generation are coal based
- The trend is likely to continue even beyond 2031-32
- This is basically due to abundantly available domestic coal resources and competitive price which provide security
- Production augmentation includes taking up new projects by National coal companies and development of captive mines through which number of players have been increased
- In addition to domestic production, coal supplies are being secured through acquiring coal properties abroad through strategic partnerships with coal majors and standalone entities

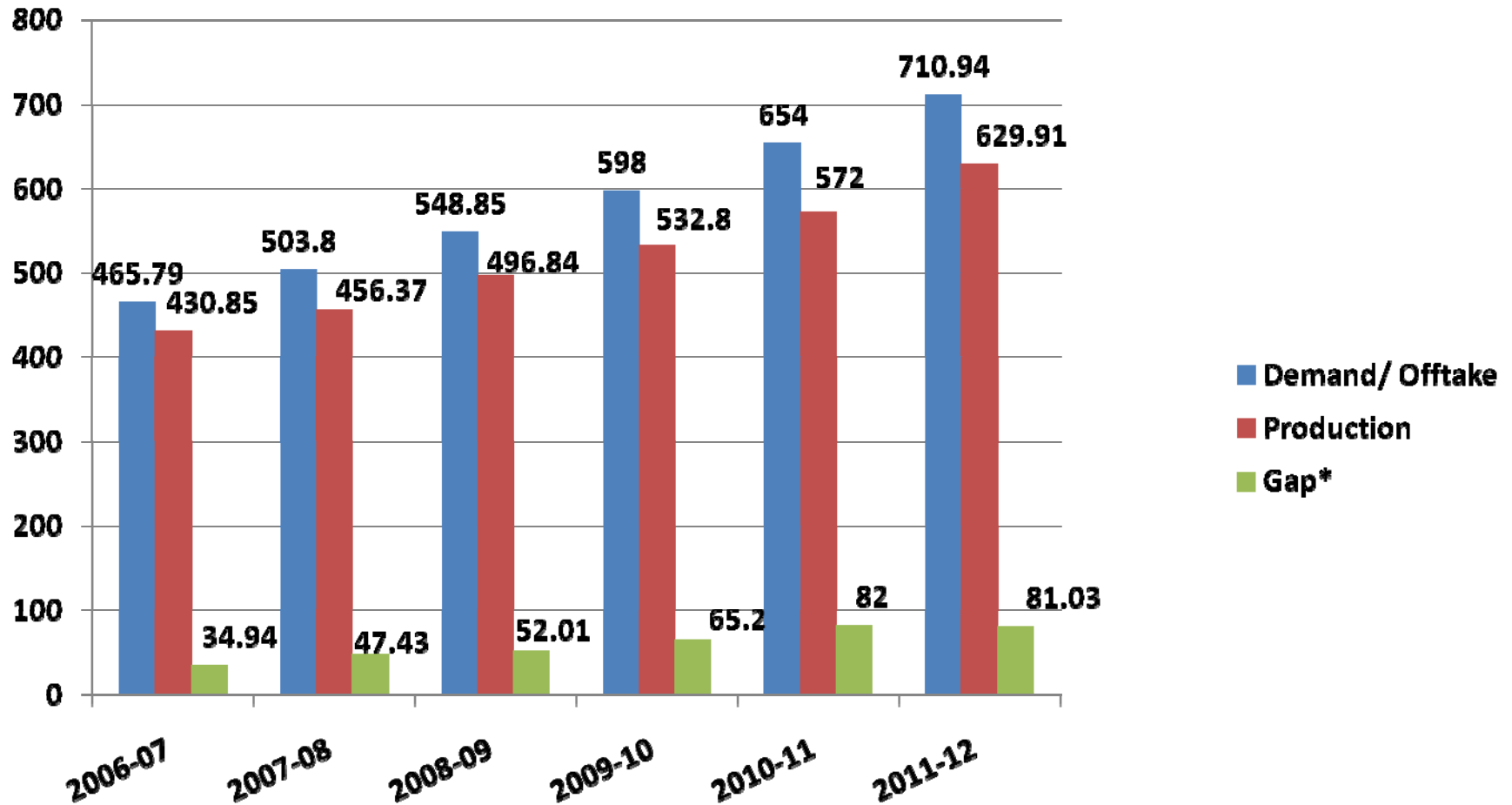
Trends in Plan wise coal production (million tonnes)



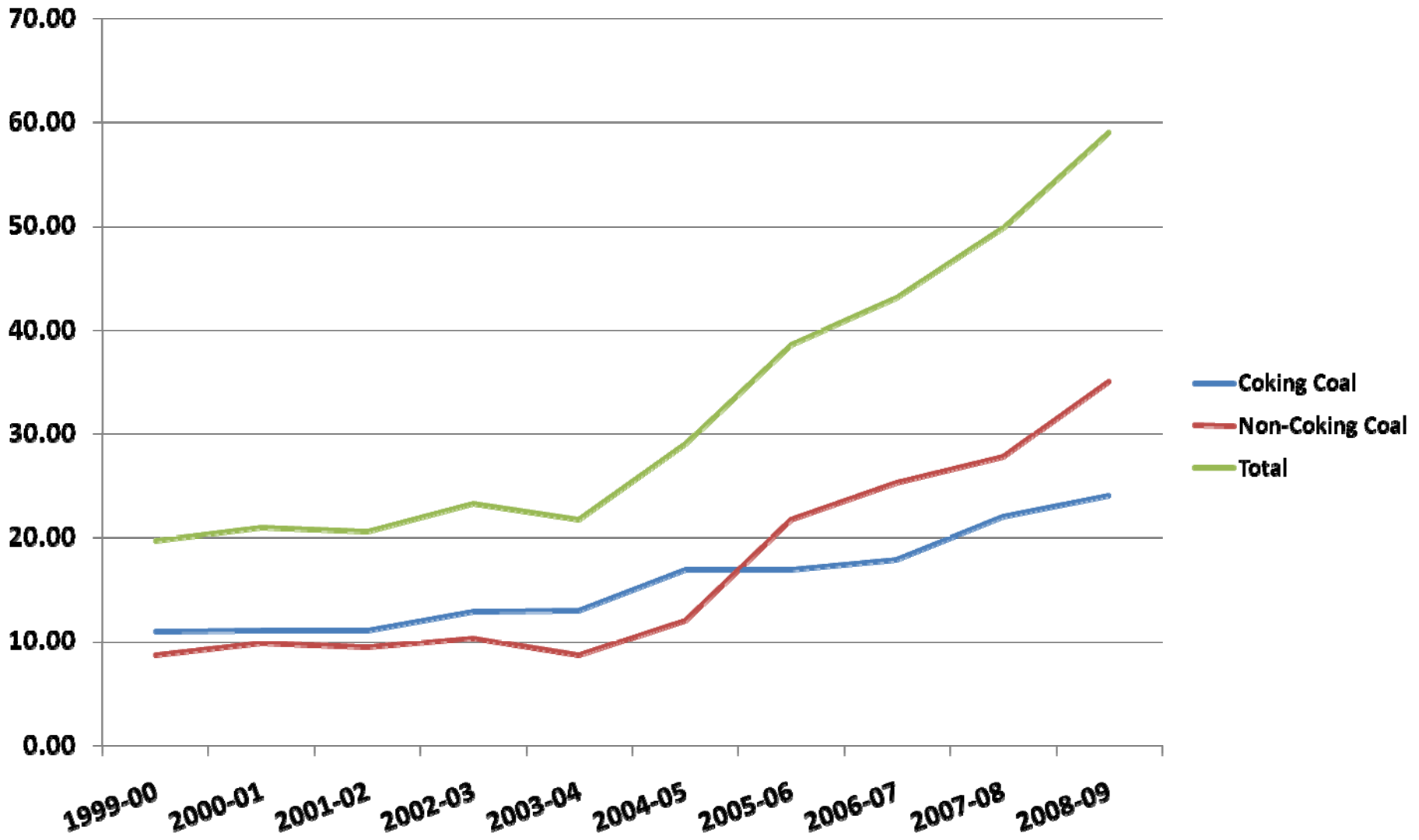
Sector wise Coal demand/Off-take (In Million Tonnes)



Demand - Supply (million tonnes)



Trend in Coal Imports (million tonnes)



Policy changes since Nationalisation

- Coal industry was nationalised in early 1970s
- Coal Mines Nationalisation Act was amended permitting private sector in coal mining limited to captive purposes
- 208 blocks with around 50 bt reserves have been allotted to both public and private companies
- Group captive mining encouraged
- 100% FDI permitted in captive mining
- State PSUs are permitted to take up mining on par with CIL (a CPSU)

Policy changes since Nationalisation

- Coal was put on open general license & Import duty on coal tapered off
- Coal price and distribution de controlled
- New Coal distribution policy announced
- Fuel supply agreements mandatory
- Project Approval procedures streamlined
- Performing coal companies extended enhanced delegation of powers with more autonomy (navratna/miniratna status)

Policy changes since Nationalisation

- Action initiated for enhancement of exploration activities
- Private block holders permitted to take up exploration as per MoC's guidelines
- Emphasis laid on promotion of clean coal technologies
- Policy for CBM put in place
- Emphasis laid on coal washing both from environmental and economic points of view

Policy changes since Nationalisation

- Guidelines for mine closure issued
- Action initiated to promote new areas namely, UCG, CTL etc.
- Guidelines for UCG put in place
- Stringent environmental laws to be complied with by coal industry
- National R&R policy put in place
- Acquisition of coal properties abroad permitted from energy security point of view

Policy changes since Nationalisation

- Outsourcing of operations being encouraged from economic and efficiency enhancement points of view
- State of the art technologies being promoted
- Regulatory mechanism for coal is contemplated
- Allocation of blocks through competitive bidding is on cards
- Large scale imports encouraged

Policy changes since Nationalisation

- Infrastructure for coal imports and movement being strengthened
- Safety & Health of miners is of paramount importance
- Risk assessment & management being adopted for self regulation from safety angle
- Internal safety organizations strengthened

Thank You