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**Falling primary commercial energy production may  
impact key industries of the economy**

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*Falling primary commercial energy production may impact key industries of the economy: AEP*

With the growing energy requirements in the economy owing to the rising income levels and rapidly growing economy, the primary commercial energy requirement (coal, oil and natural gas) has witnessed a slowdown from a robust growth of 6.45 per cent in FY 2006-07 to a mere -88.98 per cent in the last fiscal, according to AEP.

The ASSOCHAM Eco Pulse (AEP) on “Trends of Production of primary commercial energy” for the period 2004-05 to 2007-08 states that the production of primary commercial energy, (which includes coal, oil and natural gas) in FY 2006-07 was 298.55 MT, which declined to 73.45 MT in the last fiscal registering a fall in the growth from 5.18 per cent in FY 2006-07 to a negative growth rate of -75.4 per cent in the last fiscal. With low level of production, the availability also dipped from 415.69 MT in FY 2006-07 to 45.8 MT in 2007-08.

“India faces a major challenge in meeting the primary commercial energy requirements of the country in a sustainable manner and at an adequate cost. The shortage of such resources will affect the productivity of key industries such as steel, aluminum, petrochemicals” Mr. Sajjan Jindal, ASSOCHAM President, said.

**Table 1: Trend of primary commercial energy production and availability.**

Indicator	2006-07	2007-08	2006-07	2007-08
	In value terms		In per cent terms	
Primary commercial energy production	298.55	73.45	5.18	-75.40
Primary commercial energy availability	415.69	45.80	6.45	-88.98

Source: CMIE

Out of the three primary commercial energy sources, the production of coal has grown at a compound annual growth rate of 5.67 per cent over the period of four years. However, the reserves have witnessed a decline in its production from a healthy growth of 6.38 per cent in FY 2005-06 to 5.85 per cent in FY 2006-07 to a fall of 4.56 per cent in the last fiscal.

The growing demand of oil in the economy and the phenomenal increase in the prices has impacted the overall production from 33.98 MT in FY 2007-08 to 34.11 MT in the last financial year. The total output fell from a robust growth of 5.59 per cent in FY 2006-07 to a mere 0.38 per cent in the last fiscal.

**Table 2: Production of primary source of commercial energy**

Year	Coal	Oil	Natural Gas	Coal	Oil	Natural Gas
	(in million tonnes)		(in billion cu. meters)	(in per cent terms)		
2005-06	407.03	32.19	32.20	6.38	-5.27	1.38
2006-07	430.83	33.98	31.74	5.85	5.59	-1.41
2007-08	450.49	34.11	32.27	4.56	0.38	1.66

Source: CMIE

The production of natural gas saw a positive growth in the last fiscal at 1.66 per cent from a negative growth of 1.41 in FY 2006-07 owing to the increasing demand and a shortage in the supply of oil by both the consumers and the industries. The production of natural gas has remained stable, which increased from 31.74 billion cu. meters in FY 2006-07 to 32.27 billion cu. meters in FY 2007-08.