

# "Widespread dependency on imported coal cannot be a perfect solution"



A lot needed to be done in terms of evacuation of coal from mines and transportation in the country. Rather than importing coal, the industry shall look forward to importing technical know-how, says **Dr. SUNIL GUPTA**, Director, Rural Electrification Corporation, in an interaction with EPC World.

On one hand power projects have come up at a fast pace but on the other there has not been any considerable increase in coal production to match the increased capacity. Do you feel this is a problem in the planning stage?

This cannot be denied. Planning is the base of any project and its success. Power projects rely on the availability of coal; however, scarce extraction and lack of resources for transportation of extracted coal have created a wide gap. It is true that power sector is facing massive demand-supply mismatch of coal. Projects promising high capacity in terms of power production would rarely be capable to accomplish the goal. There shall be in place a structured model from the initial stage to ensure that power plants do not face scarcity of coal.

Coal India and other coal block owners have been complaining of slow environment clearances and other hurdles. Do you think, the rules need to be changed or there should be some drastic changes in the way the environment ministry functions?

Changes for sure are necessary; however, I would not advocate any drastic changes. Environmental clearance should be rendered with requisite pace so as to match steps with the industrial outlook. It should be noted that delays in clearances have caused troubles to several projects in recent times. Delay in the scheduled implementation of the project is alarming with respect to the money extended by FIs. The ministry will have to comprehend the need of the industry and corrective actions shall have to be taken sooner than later.

What kind of advanced planning do you think is required to make sure that power plants have adequate fuel assurances when they are ready?

In the present scenario, there are not too many options. Basics should be strong. New power projects should be prevented from prevailing drawbacks and those in pipeline shall be extended with a written assurance of sufficient coal supply to avoid gaps post the process of power generation is commenced. To be precise, power plants must have adequate fuel assurance prior to the project implementation.

The country is planning to resort to imported coal for almost 15% of their coal requirement despite huge reserves being available. How do you think can this be solved?

Extensive coal sector reforms will have to be undertaken.



## ABOUT DR SUNIL GUPTA

A Chartered Accountant by profession and Director on the board of Punjab National Bank (PNB), General Insurance Corporation of India (GIC) and Rural Electrification Corporation Limited (REC). Dr Sunil Gupta is working flawlessly for the economic and social prosperity of India. Vision and hard work are the two pillars of his success. Appreciated by national leaders and business professionals, Dr Gupta believes in all-inclusive participation and growth. The motive is clear – Building a better nation.

By overcoming hurdles with a clear intention to contribute to social and economic growth, he has been serving his profession, the society, and the nation for more than 25 years. On one hand, Dr Gupta has delivered effective restructuring modules for the revival of distinct business houses; while on the other, he has been serving nation's leading financial institutions and Associations as a member of Board. His membership of Punjab National Bank and FICCI National Executive Committee is a part of this.



The Coal India Ltd has constantly been raising the issue of lack of transport means for the supply of coal from the point of extraction. Widespread dependency on imported coal cannot be a perfect solution, rather strengthening of domestic production and distribution chain must be paid heed to.

Evacuation of coal from certain mines has been an issue. Transportation too is a concern. The final result is that coal remains stocked and mine production needs to be capped. What can be a solution?

A lot needs to be done in terms of evacuation of coal from mines and transportation thereafter. Technology upgradation is the need of the hour. Rather than importing coal, we shall look forward to importing technical know-how. Railway lines are the need of hour in places where extracted coal remains unused. A proper railway network will ease the entire coal supply chain.

What else do you feel is restricting the power projects from delivering the outcomes that are much-needed to boost the social as well as economic infrastructure?

Machines are handled by men at work. At present, the power industry is not equipped with the staff that can readily accept the challenge. The government and the industry will have to invest resources for imparting adequate training to the personnel. The existing manpower must be retained, along with recruitment of fresh talent.

The extension of railway lines for transport purposes cannot be attained within hours or days. Do you think there is any way out until this is done?

Sure, there is. Pit-head power plants promise a lot. Areas that are too isolate and the supply of coal from such areas is a hindrance can be developed as a hub of pit-head power plants. This would not only resolve the concern of inadequate supply, but would also work as a measure for cutting down transportation costs.

Players in the power industry seem to be panicked and the recent incident reflected that despite of coal projects available for sale, new players aren't ready to invest. How to overcome this concern?

The current players of the power industry faced challenges due to the rise dip in the value of Indian currency. Those who imported coal had no other option than paying in foreign currency which in turn inflated the cost of production. New players can be attracted by assuring adequate supply of fuel from domestic sources. Along with the money extended by the FIs, the promoters' stake also risks from the event of disturbed supply of coal and shattered production. In the end, everything revolves around enhancing the coal production and supply.

Every department of the country has been blaming every other department. The result, however, has been failure to meet power capacity addition targets to a large extent? What, in your view is the way out.

Blaming can never be a solution. Rather, authorities must work together to resolve the concerns of power projects expeditiously. I would suggest three ways that can assure apt outcomes.

1. Fast track land acquisition
2. Mining sector reforms
3. Expansion of railway network

What can the end-consumer expect in case the power plants and coal mines deliver the efficiency that is expected? Can any positive outcomes be expected?

Every project is undertaken for the betterment of end-consumers. While there has been a tariff hike ranging from 5 percent to 13 percent in 2013-14, this can be linked with shortage of coal. Another impact is that the state electricity boards are feeling incapacitated to afford power. Surely, with the efficiency in coal extraction, supply, and power production, costs would be trimmed down, ultimately benefitting the end-user.

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