

COMMENT

Missing the Target

POWER GROWS OUT OF POWER. With chronic power shortage affecting every branch of this so-called emerging economy, otherwise pampered by the media, India's grand desire to become an economic superpower, is likely to be turned into a grand illusion. It's now almost certain that India's ambitious plan to fuel the economic growth by way of commissioning a series of nuclear power plants along the eastern coast of Bay of Bengal, may not take off in the immediate future, albeit Tamil Nadu government's clearance to Koodankulam nuclear establishment to be built by the Russians may lead to a massive police repression and eviction. Popular resistance apart, there are a lot of infra-structural snags standing in the way of nuclear energy which is neither cheap nor safe, albeit the nuclear power lobby continues to campaign with a kind of religious fanaticism, in favour of nuclear power. Ultimately it is dirty coal that counts and the Manmohan Singhs have no option but to rely on coal to energise the economy despite their commitment to the extension of the Kyoto Protocol and the Green Climate Fund.

Around eight Indian states have declared power holidays, and another eight states are observing phased load-shedding schedules. Fuel shortage is derailing upcoming projects and slowing down manufacturing growth and exports. In the power sector, an estimated 12000 MW of existing capacity and 48000 MW fresh capacity may face the prospect of operating without power. The state owned miner Coal India is having a virtual stagnant coal output over the last couple of years, which has precipitated the fuel crisis. Balance Sheets of Power utilities indicate cumulating losses. The losses of state electricity boards in 2003, were absorbed through RBI guaranteed bonds, as a "one time" financial clean up exercise. The Electricity Act of 2003 widened distribution utilities, limited "open access" to consumers, and allowed state power regulators to independently fix tariff. But Coal India Ltd has failed to produce sufficient coal to meet the increasing demand. Key power stations running on domestic coal are struggling to maintain normal operations with a reserve of a day's coal or less. The 89 major coal fired stations have critical fuel stocks of less than a week. Coal output with coal India is growing at 3% every year, where the desired growth should be annually 6%.

With coal output growing sometimes at less than 3%, the power sector has been growing at 8%. Power projects are badly affected due to want of fuel. There has been a sharp increase in the power projects commissioning in the past three years. Against a projected requirement of 742 million tons of thermal coal in the 12th plan period (2011-2017), not more than 527 million tons of domestic coal is likely to be available. The power shortage is estimated to be 215 million tons, or 29% of the total requirement. Private players will be critically affected, as they are expected to erect 60% of the capacity in the 12th plan period. Super thermal power projects are adopting design changes to enable higher imported coal blending.

If Coal India has failed to deliver it is because the bureaucracy-mafia nexus in the coal belt, particularly in eastern coal fields is looting crores of rupees showing inflated stocks at pit heads while siphoning huge amount of coal for black market almost everybody. The powerful realtor sector is not averse to the phenomenon of coal-mafia flourishing because they get coal for brick-fields at cheaper rates from the coal-mafia.

Given the critical situation in the power sector, it is next to impossible for the Singhs and Gandhis to sell bright tomorrows and India's growing economic clout in international arena.
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