

All eyes on PMO steps on coal today

Source: *Financial Chronicle*
January 23, 2011

Government swung into action after power companies chief executives led by Ratan Tata and Anil Ambani took their problems to prime minister Manmohan Singh last week. Principal secretary to prime minister Pulok Chatterjee on Monday will meet top bureaucrats from coal, environment, power and steel ministries to discuss coal supply scenario for power units. "Current availability of coal supply and expected output during the twelfth plan is expected to be discussed," said a government official privy to the development.

A secretaries' panel led by Chatterjee has been entrusted to prepare a time-bound plan to put execution of power projects — both new and expansion — on the fast track. Prime minister Singh gave a word last Wednesday to 20 chief executives of about 20 power companies in the private sector.

"In the last five years (2006-2007 to 2010 –2011) coal demand has seen compound annual growth rate (CAGR) of about 6.7 per cent. Minimum expected coal demand for the year 2012 - 2013 would be close to about 750 million tonnes," said DK Aggarwal, CMD of SMC Investments and Advisors.

Power companies demand from Coal India in the twelfth five year plan (2012- 17) is expected to be around 396.71 million tonnes out of total requirement of 682.08 in the same period, Aggarwal added.

In 2011-12, state-run Coal India scaled down the production target to 440 million tonnes from 447 million tonnes earlier. This is due to production loss of about 20 million tonnes during the monsoon. Government has asked Coal India to achieve the earlier targets. "We believe that the company could reach to about close to 443-445 million tonnes by the year-end," said Aggarwal.

Principal secretary Chatterjee led panel is likely to decide coal output target for Coal India in the next financial year on Monday, said the government official.

"Hosting of the meeting reflects the growing concerns on energy issues at the level of the prime minister. The hope and expectations are there that various policy and procedural aspects will make progress, however, difficult to predict if we will see immediate and rapid movement," said **Gokul Chaudhri**, partner at BMR Advisors.

Coal ministry estimates put the 2011-12 demand at 696 million tonnes, 552 million tones of this coming from Indian mines.

"Certainly there is a lot of pressure on the government to expedite the environment clearances process and allot captive mines to the producers. Clearly lack of the same is resulting into losses for the corporate and is affecting the industrial production in a significant manner," Aggarwal added.

