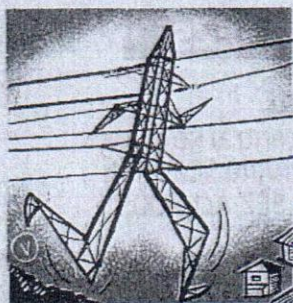


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Distribution the Key, Generation is Easy

The government says that it could award two of five new ultra mega power projects (UMPPs), announced in the Budget this year, soon. Those who bid will be assured of land, environmental clearances and adequate fuel supplies before starting work. In theory, this plug-and-play model is a wonderful idea and should be extended to other infrastructure projects. But the harsh reality is otherwise. According to the government's own admission, projects that could generate more than 7,200 MW are stuck because of inadequate coal supplies; another 24,100 MW of generation runs at 23% of its capacity. Another, near 43,000 MW of generation projects get less than 65% of the fuel they require.



The tale of 4,000 MW UMPPs is not much better. Since the mid-2000s when they were launched, 12 UMPP projects were bid for. A decade later, only two are up and running: Reliance Power's Sasan project and Tata Power's Mundhra plant. Reliance will start developing a third, Tilaiya, soon. Given that, it is pointless to announce more projects when so many existing ones are stranded, or yet to be developed.

Nor is fuel scarcity or bureaucratic delay the lone culprit. Most state governments give power free or near-free to politically powerful lobbies. As a result, state electricity boards (Sebs) are bankrupt, and struggle to pay generators for power. In 2001, the then-NDA government bailed out Sebs, in return for promises to reform. Exactly 10 years later, the combined loss of Sebs was ₹6.2 lakh crore. By January 2015, Sebs owed nearly ₹17,000 crore, to only central power utilities. Generation alone is not sufficient. Distribution, saturated with politics of giveaways and patronage of theft, must reform. Without that, mega projects will remain mega duds.