

CIL powers a productivity spurt

The furious pace of production helped prevent blackouts last year, but there are questions over whether the state-owned miner can sustain its pace

SUBHOMOY BHATTACHARJEE
New Delhi, 1 November

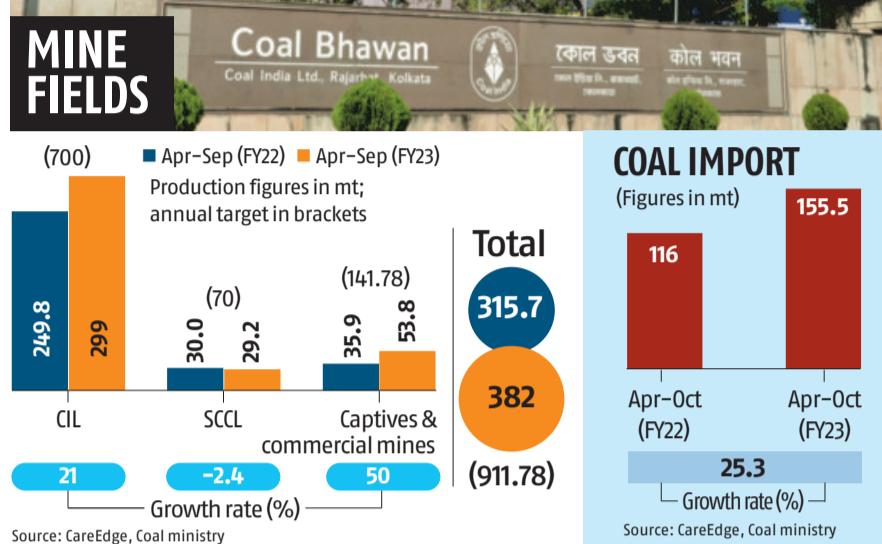
The cracking pace at which Coal India Ltd (CIL) has increased production has made the coal and power ministry mandarins exchange friendly notes this Diwali. This is a far cry from the tense exchanges in September and October last year because of the acute coal shortage at power plants when Power Minister R K Singh described the coal stock position as "touch and go...for the next six months". Cabinet Secretary Rajiv Gauba had to intervene and set up a committee to ensure the producer and consumer ministries sank differences and cooperated.

Yet, that crisis could well have been repeated this year. International coal prices (benchmark South African coal) are ruling 78 per cent higher year-on-year (yoY), says IMF data. What has changed is that the CIL has extracted almost 299 million tonnes (MT) of coal in the first half of this financial year, a 24 per cent growth over FY20, the last pre-Covid year.

In the first half of FY22, coal production from all three sources — CIL, SCCL and private miners — have reached 382.02 MT, a 21 per cent YoY rise, although it has come at a higher environmental cost at a time when India's climate change commitments will be under scrutiny at the COP27 meet in Egypt later this week. In fact, the little noticed aspect of this production rise has been faster environment clearances for expansion of some existing coal mines.

Even so, productivity challenges loom. The average daily pace of coal mining has to touch 2.88 MT, an almost 50 per cent rise over the current run rate of 2 MT per day if high cost imports have to be capped. Imports from April to August have already jumped over 25 per cent, YoY.

Two things can soften the equation. First, after an initial spurt the demand for power has not shot up this year, beyond last



Source: CareEdge, Coal ministry

year level. The plant load factor of the coal-run power plants, after jumping to 72.6 per cent in April this year, has eased off to 60.6 per cent in September. If the trend persists, the demand for coal may undershoot supply.

Second, if more commercial mines come into operation in the second half of this year, production from captive and commercial mines would jump from the current 53.81 MT recorded in the first half last year.

The key challenge will centre on CIL again. While research firm CareEdge Research estimates the coal production to continue to rise and reach around 500 MT in the second half of FY23*, it could be an overestimate.

CIL has 37 mines, which produce about 78 per cent of its annual output. These mines, spre-

ad over six subsidiaries, hold the reins to the coal balance of India's economy; 25 of them have so far kept producing at over 100 per cent of their capacity, says coal ministry data. Further upside from them is limited.

These mines have kept up the rate due to a combination of faster environment clearances for about 10 of them, including the giant Gevra and Kusumunda mines. (CIL data shows 42 of its projects are running behind schedule due to delays in land and environment permissions), installation of heavy-duty machinery at some more mines and, finally, a very detailed tracking of production at all of them.

But the strain now shows. Bhubaneswari in Mahanadi Coalfields or Jayant in Northern Coalfields with a capacity of 28

and 24 MT per annum, respectively, are running at average production rates of 117 and 108 per cent, according to mine-wise production data for the first half.

Due to the nature of mining, when a tonne of coal is extracted, miners have to also remove stone and soil and pile it next to the mine. In mining parlance, this is known as the stripping ratio, loosely understood as the amount of soil (overburden) that must be removed to get the ore out. A faster pace means there's more room for the coal to move from the mines. In FY23, in these 37 mines, the pace of overburden removal has dipped to 81.17 per cent of the target by the end of September. In other words, to extract the coal at the fastest possible clip, the necessary job of cleaning up the site

is being neglected.

Remember, these mines are now being largely operated by private contractors. Their working pattern will be largely based on orders from CIL's Kolkata headquarters. At the current pace, CIL will come up short by about 11 per cent of the 700 MT annual target set by Coal Minister Pralhad Joshi. Unless of course the monitoring committee under the chairmanship of the new coal secretary with chief secretaries from respective host states, Union environment secretary and the Coal Controller Organisation and Central Mine Planning and Design Institute as members can, in their regular reviews, offer some magic.

So who can pick up the pace from here? The other state-owned miner, SCCL, is an obvious candidate. But the Hyderabad-based company's production dipped 2 per cent in the first half.

But the largest possibility of providing the additional ballast comes from captive and commercial mines. The latter, so far, have not moved fast. The almost 50 per cent rise in production to 53.8 MT in the first half this year is largely a reflection of the very low base of FY22. There is scope for substantial expansion in this category. For instance, of the 64 mines auctioned by the Centre since June 2020 in five tranches, only two have come into commercial operation. In June, the coal ministry issued show cause notices to 16 of these firms for perceived delay in starting mining from their coal blocks. The ministry expects to hit 141.78 MT of production in FY22 from the entire cohort.

As usual, miners complain of slow approvals, which the coal ministry denies. As late as September, the "project proponents shared the efforts made by them and the challenges faced", the ministry acknowledged in a release. The upshot, as a CoalMint report notes, these "delays in project approvals would impact the opening of new mines and thereby curtail the growth pace". As a result, costly imports could return to haunt by New Year, making the Diwali bonhomie across ministries a forgotten episode.

Chennai set to host Musk's chosen man

SHINE JACOB
Chennai, 1 November

Sriram Krishnan, the Indian-origin investor handpicked by Elon Musk to revamp Twitter after the business magnate bought the microblogging platform for \$44 billion, tweeted about homecoming on October 23. "...I will be back home in Chennai for a few days next month. If anyone here is interested in a meet up especially students!, let us know," he wrote.

Since then, he has been getting hundreds of requests online for meetings.

His alma mater SRM Engineering College in Kattankulathur, a suburb of Chennai, is gearing up to host Krishnan. "We are very closely working with him and our management is planning something. We will be honouring him," said an SRM official, who indicated that Krishnan will be visiting the campus. The dates are yet to be confirmed. Musk's chosen man studied at the college between 2001 and 2005.

At present, Krishnan is a partner at venture capital firm Andreessen Horowitz (a16z) that invests in cryptocurrencies and start-ups. On October 31, Krishnan made it public that he will be "helping out" Musk "temporarily" in Twitter with some others.

Krishnan, who is also a former Twitter employee, is expected to guide Musk in his ambitious plan to monetise the social media giant. According to Musk's road map, the Twitter verification or blue tick will be made a paid feature, where customers may have to pay around \$20 for the label. Krishnan's prior experience with Twitter (between 2017 and 2019), when he claims to have driven

its growth by 20 per cent year-on-year and launched several products including a redesigned events experience, is expected to be handy for the new stint.

In addition to Twitter, he has led product and engineering teams at Meta (2013-16) and Microsoft (2005-11). After completing studies, Krishnan shifted to Washington, where he worked with Microsoft till 2011 on various application programming interfaces and services for Windows Azure.

At Meta (Facebook), he was instrumental in creating Facebook Audience Network, which is now one of the leading monetisation solutions for publishers in the industry.

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After the merger, Musk became the sole director of Twitter as the erstwhile directors — Bret Taylor, Parag Agrawal, Omid Kordestani, David Rosenblatt, Martha Lane Fox, Patrick Pichette, Egon Durban, Fei-Fei Li and Mimi Alemayehou — are no longer a part of the company. According to media reports, Musk is likely to revamp the board as well, as he termed the changes "temporary".

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