

Andhra awaits central funds to clear dues of power projects

SHREYA JAI & DASRATH REDDY
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The Andhra Pradesh (AP) government has clarified to the state high court that it will be able to clear the dues of power projects only when "the Centre provides funds".

Apart from that, the state government has refused to roll back its policy on cancellation of renewable power projects.

The AP government has written a fresh letter to the Centre reiterating its demand for a 'long-term solution to renewable integration cost', a week after the Centre's committee offered to extend certain financial relaxations to the state at its first meeting held on November 7.

"We have not yet received the reply to our letter on the question of gap funding," a government spokesman said while hinting that the whole issue hinges on it.

The Central government, in a meeting with the state earlier this month, had asked it to clear dues of firms supplying power to the state. The arrears of renewable and thermal power projects total more than ₹18,000 crore in the past 16-18 months.

"In order to address the financial situation in Andhra Pradesh, efforts will be made to provide loans at an attractive rates, lower



POWER WOES

The Andhra Pradesh govt refused to roll back policy on cancellation of renewable power projects

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than risk level of AP through REC, PFC and IREDA. It will be for clearing the dues of power purchase against state sovereign guarantee or pledging assets," a Central government representative had said in a meeting on November 7.

The state government, in an ongoing case on payment dues, said that after the arrangement of financial assistance, the state will resolve the pay-

ment of pending bills.

Sources in the state government said chief minister Y S Jaganmohan Reddy has not agreed to any compromise on the renewable power contracts. The state decided to cancel these contracts in July, citing wrongful bidding and high rates.

"The Centre merely suggested to the state to honour power purchase contracts. But the state has not yet

agreed to it and the legal tussle remains," said a state government official.

The YSR Congress government in Andhra Pradesh formed a high-level negotiations committee (HLNC) in July to "review, negotiate and bring down" the tariff of all renewable power projects that had been given out by the previous Telugu Desam Party government.

It cited poor financial health of its discoms for the revision. As the companies protested against this decision, the state government curtailed the purchase of renewable power.

Renewable power project developers in the state moved Andhra Pradesh High Court, which ruled in favour of these companies. In an order on September 24, the court dismissed the HLNC. Despite this, the state continued to curtail power purchase from renewable projects. The government has filed a review petition before the high court against the earlier order.

The renewable power project developers also moved AP Electricity Regulatory Commission (APER) against the government which will decide on the tariff of these plants.

Amid all this, payment to project developers is also stuck for over a year now. Total dues of states to renewable power projects was ₹11,000 crore by the end of July, of which AP has the lion's share of ₹2,500 crore.

Japan won't sign RCEP deal if India doesn't join

BLOOMBERG
Tokyo, 29 November

Japan is not considering signing a Chinese-backed regional trade pact without India, the top Japanese negotiator said on Friday, ahead of a series of diplomatic exchanges in the coming weeks that include a visit to New Delhi by Prime Minister Shinzo Abe.

India announced this month it was withdrawing from the Regional Comprehensive Economic Partnership (RCEP), citing the deal's potential impact on the livelihoods of its most vulnerable citizens. China said the 15 remaining countries decided to move forward first and India was welcome to join the RCEP whenever it's ready.

"We aren't thinking about that at all yet," Deputy Minister for Economy, Trade, and Industry Hideki Makihara, said in an interview with *Bloomberg*. "All we are thinking of is negotiations including India."

Abe has sought to strengthen ties with India across a range of fields to balance China's regional dominance. Japanese and Indian foreign and defense ministers hold



The statement comes ahead of Japanese Prime Minister Shinzo Abe's (left) visit to India

FILE PHOTO

their first joint meeting in a so-called 'two plus two' format this weekend. Both countries are also part of four-way security talks with Australia and the U.S. called the Quad, a move that Beijing has complained could stoke a new Cold War.

"It is meaningful from the economic, political and potentially the national security point of view," Makihara said of the inclusion of the world's largest democracy in the pact. "Japan will continue to try to persuade India to join."

Trade Minister Hiroshi Kajiyama will accompany Abe on next month's trip to

India, Makihara said.

The other countries taking part in the RCEP talks are Australia, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, South Korea, Thailand and Vietnam.

China has sought to accelerate the RCEP deal as it faces slowing growth from a trade war with the US. An agreement would further integrate Asia's economies with China just as President Donald Trump's administration urges nations in the region to shun Chinese infrastructure loans and 5G telecommunications technology.

Nalco bets on long-term raw material security for alumina, aluminium ops

JAYAJIT DASH
Bhubaneswar, 29 November

State-run National Aluminium Company (Nalco) is betting on long-term raw material security to extend the longevity of its alumina refining and aluminium smelting operations.

Nalco aims to put on stream its second bauxite mining lease of Pottangi in 2023. This captive mine will feed its fifth stream of alumina refinery at Damanjodi currently under expansion. The Pottangi mining lease, along with the Panchpatmali mines having balance deposits of 160 million tonnes (mt), would offer ample bauxite to ensure the refinery operations for the next 25 to 30 years. Aside from bauxite, Nalco aims to begin mining from its captive Utkal-D coal block from calendar 2020, a milestone that promises to prune its cost of aluminium production by 25 per cent.

"The gram sabha for the Pottangi mine operations has been held. DGPS (Differential Global Positioning Survey) for the mine is also completed. We have public hearing scheduled on December 17. The mining plan has been approved by IBM (Indian Bureau of Mines). We aim to open this mine in 2023. With an annual capacity of three million tonne per annum (mtpa), it will feed the fifth stream of our refinery," said Chairman and Managing Director T K Chand.

Nalco has pledged ₹5,600 crore on adding a fifth stream of 1 mt capacity to its alumina refinery at Damanjodi in south Odisha. Work on side grading and soil testing has already commenced. Currently, Nalco is operating the refinery at more than its normative capacity of 2.1 mtpa.

Besides bauxite mine, Nalco is looking to hasten production from its allocated coal blocks — Utkal-D & E. The process of selection of Mine Developer cum Operator (MDO) is underway. Coal mining is scheduled to start from calendar 2020. Separately, Nalco has appealed to the coal ministry to allocate Utkal-C and Mandakini-A coal blocks. "Opening up of the coal blocks is going to be a game changer. It will bring in incremental profit of ₹600 crore for Nalco," Chand said.

Last month, Nalco's



Nalco CMD T K Chand says opening coal blocks will be a game changer

smelter plant at Angul faced distress after coal despatches from Mahanadi Coalfields (MCL) paralysed. Nalco was forced to shut off 80 pots due to lack of coal to power the smelting unit. Since July, MCL's Bharatpur open cast project suffered a shutdown in operations for two weeks following a strata failure triggering landslide.

Apart from coal, Nalco is eyeing profit of ₹60 crore per annum from its joint venture with Gujarat Alkalies & Chemicals on a caustic soda cum captive power plant (CPP) at Dahej (Gujarat). The project is being taken up as a backward integration initiative of Nalco.

In Q2, Nalco's performance was underwhelming as it logged a rare quarterly loss of ₹28 crore. The navratna company had to provision for excess and unforeseen expenses — ₹23 crore towards electricity dispute and ₹145 crore incurred for power and fuel purchase costs.

"Still, we were able to maintain profitability in H1 of this financial year at a time when our competitors faced erosion of profits. Globally too, aluminium smelters are making cash losses as prices continue to be subdued," he said.

He feels both aluminium and alumina prices will gain strength in Q4. While aluminium prices are expected to rise to \$1,800-1,850, alumina prices are forecast to be in the range of \$300-350 per tonne.

Chand, who superannuates on November 30, has led Nalco through turbulent times, battling business headwinds. He was instrumental in obtaining Pottangi bauxite mining lease for the PSU.

Naval Tejas gets ready to operate from aircraft carrier by March

AJAI SHUKLA
New Delhi, 29 November

At Goa on Friday, the naval version of Tejas light combat aircraft (LCA) set a landmark by taking off with the added weight of weapons on board — two long range and two close combat air-to-air missiles.

The Tejas prototype took off from the Navy's Shore Based Test Facility (SBTF), but exactly as it would have from an aircraft carrier. Restraining gear locked the fighter's wheels as the engine revved up to maximum power. Then, as the restraining gear disengaged, the unleashed fighter rocketed forward. Exactly 204 metres later — the length of an aircraft carrier deck — the fighter sped over a ski-jump and was airborne.

Girish Deodhare, chief of the Aeronautical Development Agency (ADA), the Defence R&D Organisation (DRDO) agency in charge of the Tejas programme, said the Naval Tejas had completed over 50 take-offs from SBTF, with increasing weight and decreasing take-off distance. In addition, the fighter has carried out 28 arrested landings.

"We are confident the Naval Tejas is ready for an actual carrier deck landing. In the first quarter of 2020, we will land the prototype on INS Vikramaditya and take off from the aircraft carrier as well," Deodhare told *Business Standard*.

This requires the navy's only aircraft carrier, INS Vikramaditya, to be freed from operational duties and made available for testing. Before the first landing, it will first make a few approaches for the test pilots to see how the fighter reacts



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to the warships "wake" — the wind turbulence created by structures on the warship, which buffets the approaching fighter. Once the pilots are comfortable with that, they will actually land the fighter on the carrier's deck.

A carrier deck landing is described as a "controlled crash". The fighter's tail hook must engage with wires laid across the landing deck, which unspool, dragging the fighter to a halt quickly. To achieve the extreme precision this requires, the fighter must descend more sharply than in a regular landing, with the impact absorbed by the heavy landing gear that characterises naval fighters.

If the first landing and take-off goes off uneventfully, it will be followed by more, as the test pilots generate inputs to fine-tune the software that controls carrier landings and take-offs, which are largely controlled by flight computers.

At the same time, ADA and the Navy would fine-tune the drills for operating a fighter from a carrier. This includes maintaining an aircraft on board, preparing it for flight, taking it on a lift from the hangers below decks to the flight deck and the drills for getting airborne and landing.

ADA sources say about 200 technicians have lived on aircraft carriers, to fine-tune maintenance and operating drills on board.

The Navy, however, does not intend to induct the single-engine Naval Tejas Mark I into service — it is merely a test-bed for the aviation systems that will equip the twin-engine Naval Tejas Mark 2. The Navy wants the safety back up of a second engine, the power to get airborne with more fuel and weapons, and a longer operating range.

"Using navy-specified technologies matured with the current Mark I, we are developing a twin-engine Mark 2 version, which we are

calling the Twin Engine Deck Based Fighter (TED-BF)," said Deodhare.

With the current Tejas' single General Electric (GE) F-404 engine replaced by two, more powerful, GE F-414 engines, the TED-BF will be a far bigger and heavily armed fighter.

The current Tejas Mark 1 gets airborne with a total "all-up weight" (AUW) of 14 tonnes. The air force version of the Tejas Mark 2, which will have a single GE F-414 engine, will have an AUW of 17 tonnes. And the navy's Tejas Mark 2 (or the TED-BF), powered by two GE F-414 engines, will have a beefy AUW of 24 tonnes, says Deodhare.

ADA is targeting 2025-26 for the first flight of the TED-BF. The Navy wants the fighter to be inducted into service by 2031, to replace the MiG-29K/KUB that flies off INS Vikramaditya and will serve on board the first indigenous aircraft carrier, INS Vikrant, when it is commissioned in 2021.

HDFC MF front-running case: Sebi levies ₹85 lakh fine on 7 entities

Markets regulator Sebi on Friday imposed a fine of ₹85 lakh on seven entities for flouting regulatory norms in the front-running of HDFC Mutual fund.

Front-running refers to an unethical practice by someone trading in shares on the basis of advance information given by a broker, analyst or other executive at a market intermediary before the trades are conducted by that entity.

Sebi in an order said the "trading pattern of the notices that by indulging into

front running the noticees had disturbed the market equilibrium and normal price discovery mechanism of stock exchanges, besides creating false or misleading appearance of the trading in the securities market".

The order follows an investigation carried out by Sebi into the matter of front-running by certain entities between June 2000 and June 2010.

The probe found that the entities made illegal gains by way of front-running. **PTI**

No plan to close Integral Coach Factory, says Piyush Goyal

Railways Minister Piyush Goyal said on Friday the ministry didn't have any intention to close Integral Coach Factory (ICF) at Chennai.

Responding to DMK Member P Wilson's question, Goyal said: "We are very proud of the achievements of ICF. Their engineers and workers made Vande Bharat, the first

semi-high speed train that India has made in 168-year railway history. It is a jewel in the crown and there is every effort to grow, expand and modernise that company."

The ICF, one of the earliest production units of independent India, is capable of manufacturing many types/variants simultaneously. **T E NARASIMHAN**