

# Publicity about Sudden Shortage of Coal is for the Benefit of Monopoly Capital

During recent September, all of us witnessed the hungama level campaign pushed widely in Indian print and electronic media about the emergence of sudden and unprecedented shortage of coal in our country. As high as 70% of our electricity is generated from the thermal power plants where coal is its fuel. Therefore the shortage of coal results in the stoppage of electricity generation which leads to Power crisis. This is the essence of the high-level publicity campaign of our media. Contrarily recently our Finance Minister proudly declared that ours is a power surplus Nation. Various State governments on the one hand requested Centre to take measures to solve the problem so as to ensure coal supply and on the other side, warned people that power cuts are inevitable. While Union Minister of Power states that the coal crisis will continue for 6 months. Contrastingly, the Union Minister of Coal declares that there is no coal shortage at all. This is a serious contradiction. The abrupt creation of sudden shortage of coal and consequent power crisis /shortage is for whose benefit has to be discussed seriously.

Ours is 5th place in the world in coal reserves. The Union Ministry of Power has constituted a "Core Management Team" on August 27, 2021 to manage coal stock and to ensure equal distribution. Moreover, the government rule clearly states that every thermal power plant should at least maintain coal reserves that are sufficient for 14 days. How it is possible for abrupt demise of coal stock in these thermal power plants? The Central Electricity Authority revealed that as on October 7, 2021 as many as 16 plants had zero coal stock, 30 plants had coal stock for one day, 18 plants had for two days, 19 plants had for 3 days and 10 plants had stock for 6 days only. This clearly reveals the fact that the private thermal power plants whose main motive is profits, will think that it is unnecessary cost to maintain coal stock inventory as per government regulation.

The Coal India Limited (CIL), the public sector will maintain domestic coal production to the tune of 80 percent. The share of CIL is 596 million tons out of total coal production of 716 million tons in 2020-21. The CIL states that it is the serious mistake of the thermal power plants which failed to maintain sufficient coal stocks keeping in view of the monsoon.

The causes for sudden shortage of coal in thermal power plants explained by Central Government are ridiculous.

1). Abnormal rise in the demand for electricity due to the revival from covid-19.

It is interesting to note that according to Union Ministry of Power the maximum, highest demand for power will be 200.57 GW. While the present maximum level demand is less than 200000 MW. Moreover, it is related to short period only. On an average the demand for power is 1.5 Lakh MW. Out of which, solar and hydel power is 90,000 MW and wind energy is to the extent of 39,000 MW. Moreover, the coal requirement of thermal power stations is 500 million tons. While the coal produced by CIL is 600 million tons. It is impossible for coal scarcity as well as electricity scarcity. It is created artificially.

2). The second reason told by the Central Government is the continuation of rainy season for longer time. Is it impossible to assess, estimate and predict? It is a serious blunder mistake of the thermal power plants which failed to maintain adequate coal stocks as a precautionary measure and their error is strongly justified by the central government.

3). The abnormal rise in the prices of coal imports is stated as third reason.

Consequently, the power plants stopped imports which resulted in the stoppage of electricity generation. This caused for power crisis. In fact, the private thermal power plants possess their own captive coal mines. They did not care to utilise them for coal production instead preferred Import of coal in view its low price. When the imports price increased, then simply they stopped its purchase as well as stopped the production of electricity, which is key for the Nation. The Welfare of the people/ nation is not at all important for the Monopoly capital whose sole aim is how to make more and more profits.

However, this resulted in the shutdown of 3 thermal power plants in Punjab, 4 in Kerala and 13 in Maharashtra in the first week of October 2021. The Punjab State Electricity Corporation Limited started purchase of electricity from neighboring States. Still there are 3-6 hours power cuts. The Energy Minister of Madhya Pradesh decided to purchase 8 metric tons of coal through floated tenders. The power shortage is as highest 7000 MW especially in the evening hours in Punjab, Rajasthan, Jharkhand and Bihar.

However, the coal is an indispensable fuel for iron and steel industry, textile, aluminum, paper industries etc. Though it is artificial scarcity, government declared that it will take a measures to stop supply of coal to these industries and divert it to power plants. In fact, all these industries just started reviving from the effect of covid-19 pandemic. The shortage of coal supply leads to the closure of

these industries which throw out the workers who are working in these Industries as well as it's forward and backward linkage industries. i.e. loss of livelihood for many families. If the industries decided to import the coal at higher prices then it will raise the prices of their products. This will severely affect the oppressed who are already living in precarious conditions.

The economy, livelihood of workers and survival of industries will be thrown in critical conditions due to the creation of artificial scarcity of coal. The prices of products of industries which use coal as fuel will rise and the burden will fall on the common people. The lives will be disturbed due to power crisis. The economy which is already in crisis owing to the effect of covid-19 pandemic will become more critical due to the artificial scarcity of coal. For whose benefits, the Union Government is justifying it has to be discussed seriously. It is also necessary to discuss the contradictory statements of Ministries of Union Government.

Already it is noted that the Central Ministry of Coal states that, there is no shortage of coal while Central Ministry of Power declares that the scarcity will continue at least for 6 months and also states that it is not wise to depend on coal imports. Therefore, it is necessary to discourage the exports of power intensive commodities. Moreover, suddenly, he recognizes that the thermal power station is harmful to environment and therefore, it has to be phased out. In this context, the doubts will arise as to what kind of power generation they support? It might be nuclear energy because recently various arguments are promoted that it is environment-friendly contrast to its destructive nature. One cannot underestimate the impact of powerful lobbies of imperialist as well as nuclear energy forces.

One more interesting aspect is that the sudden scarcity of coal hurriedly campaigned in October. Contrastingly, the exports of coal in this month is increased by 119 percent when compared to exports in last October. How it is possible?

### **Coal India Limited (CIL)**

CIL is the public sector under-taking recognised as Maharatna. It is the largest coal producing company in the world. It works under the ownership of Union Ministry of Coal. The mining and washing of coal are its functions. This is came into existence in 1975 after the nationalization of coal mines in 1973. Its share in the domestic coal production is 80%. It will not allow to raise the price of coal with the intention of maintaining accessible price of electricity to people. Therefore, the private corporate forces which started acquiring coal mines on large scale since 2015 did not start coal production. Moreover, they preferred to import coal. In 2015-16 on the name of reforms of coal mine sector the government transferred

80 no's of ready to mine coal blocks to private Monopoly forces through auctions which have 120 to 140 million tons of coal reserves. Still, they did not add to the coal production. Moreover, these reforms will not permit to allocate coal mines to CIL. The sole aim of these reforms is to handover coal mines to powerful corporate forces. The public sector undertakings will not have captive mines. The Vishakha steel plant has not been allotted coal mine.

Further, the central government, sincerely, seriously tries to make CIL ineffective and inefficient. The CIL did not have permanent head for so many years. It is functioning under the supervision of temporary and interim heads. As per Bloomberg Report 2016, though company posses the surplus to the tune of Rs. 50,000 crores, the Union Ministry of Coal will deny permission to utilise it for new technology so as to increase efficiency. The Central Government appropriated it on the name of filling the gap of deficit budget which emerged due to the various concessions offered to corporate forces. This clearly shows the intention of weakening PSU and encouraging private Monopoly forces. Moreover, the CIL must pay GST. The Ministries of Parliamentary Affairs and Ministry of Coal and Minerals states that as on August 4, 2021 the unpaid dues to CIL from the power generation and distribution companies is to the tune of Rs. 21 lakh crores. Further, the CIL has to bear the payment of coal cess. Thus, it is weakened financially and technically due to the policies and strategies of Central Government.

### **Privatisation of Coal Mines**

The privatisation of coal mines started from 1993 onwards. The continuous rise in the demand for electricity can be traced from 2003 onwards. The power consumption is increased from 76 GW to 130 GW i.e 71% during 2008 - 13. The coal consumption has increased from 423 million tons to 508 million tons. This requires the strengthening of CIL instead the Central Government accentuated the process of coal mines privatisation.

It is compulsory to obtain permission from the Acts related to forest conservation and environmental protection for the purpose of mining of coal mines. Illegal coal mining activity became normal by 2009. In this context, in order to stop this trend the Union Minister of Environment divided 602 coal blocks into 392 "Go Zones" and 206 blocks as "No Go Zones". The group of Ministers is forced to appoint B.K Chaturvedi Committee to transform 57 "No Go Blocks" into "Go Zone" blocks under the powerful pressure of Corporate forces. In this process, Hasdeo Arand coal mine in Chhattisgarh owned by Adani has been converted into GO Zone in 2011.

It is sad to notice that, the coal mining activity is continuing amidst serious struggles of rural people and adivasis. The mining work will destroy the forest as well as the lives of people because it will dismantle their source of livelihood.

The coal mining for the purpose of commercial consumption has increased since 2014. Coal Mines (Special Provisions) Act 2015 will allow the private companies to own coal mines through auctions to meet coal needs of their industries. As many as 34 coal mines have been transferred to private corporate forces. The Minerals Act (Amendment) Bill 2020, permits private companies to sell their surplus coal in open market.

As a part of Atma Nirbhar Bharat Abhiyan, which is declared in May 2020 to give confidence to the people in the context of critical conditions created by the first wave of covid-19 pandemic, it is decided to auction 50 coal blocks immediately. The private investors who purchased the coal mines are permitted to sell the coal in open market. There are no any eligibility criteria to participate in the auctions except upfront payment with ceiling. The decision to permit commercial coal mining would allow domestic mining firms such as Essel Mining, Sesa Goa, JSW energy, Vedanta, Adani and Global Giants like Rio Tinto, BHP Billiton, Glencore to mine, sell and ramp up production. The immature commercial meaning of valuable mines will be harmful especially in terms of violation of Adivasi rights and to the environment. The government did not care the warnings of experts and auctioned as many as 41 coal blocks in June 2020 for private companies. Further, 18 coal blocks are auctioned in November 2020. Adani group own Gondalpur Coal mine of Jharkhand. In fact, the auctioned coal mines are in the dense forest and good arable land. Already, Adani group possess 3 operating coal mines, various coal mines which are in the process of development. Now, this group owned 5 coal mines in the auctions.

Moreover, the Central Environment promoted the argument that the coal mines should not be allotted to CIL as well as PSU like Visakha Steel Plant but should be allotted to private corporate forces to raise efficiency so as to increase production.

### **Why did Sudden Coal Scarcity Emerged? Why did the Central Government Supported?**

Adani power and Tata Power companies started acquiring coal mines in foreign countries since 2010. The share of Tata Power is to the tune of 30% in the two coal mines in Indonesia, while Adani has 74% share in another coal mine in Indonesia. Moreover, it could acquire the properties of link energy Australia and acquired another coal mine in 2019. Other ports are also in its ownership. Further, it is estimated that power generation cost will be saved to the extent of 30% if it

owns coal mines. What is the intention behind the drama of stopping power generation in thermal power plants on the pretext of coal shortage?

The rise in the price of coal imports is not at all a problem to the companies which possess their own coal mines in foreign countries. The artificial creation of a sudden coal shortage hungama resulted in the amendments of government Acts and rules. Now the private companies can sell as high as 50% of their coal production in the spot market. Shortage of coal, though artificial, resulted in its price rise. The concocted drama ultimately states that, it is the inefficiency of CIL and accelerate the process of eliminating CIL from coal production.

Hazdeo Arand coal field of Chhattisgarh is estimated to possess more than 1 billion metric tons of coal spread over 1878 sq. km and out of which 1502 sq.km is dense forest land and some villages. This has been divided into a 18 coal mining blocks. The state owned companies which are allotted 4 blocks but they gave them back to Adani group for contract. Since 2014, adivasis are strongly protesting and resisting coal mining activity. Still, Adani group is busy in making arrangements for coal mining. Sudeep Shrivastava, a lawyer belongs to Chhattisgarh strongly states that the Hungama of coal shortage is only to speed up the process of amending Coal Bearing Area (Acquisition and Development) Act 1957, in favour of private owners of coal mines.

Thus, the concocted story of coal shortage lead to the amendment of various coal mines related Acts in favour of private corporate forces including permission to sell 50% of their coal output in spot market. Further, coal prices will increase. It is an opportunity for the government to weaken CIL and blame. Moreover, the Acts related to adivasi rights and environmental protection will be amended for the benefit of Corporate forces. The private coal mine owners like Adani can now begin mining work amidst serious protests and struggles of Adivasis and rural people.

The problem will be extended on to the production, distribution and prices of thermal power.

### **Thermal Power**

On the pretext of coal shortage, the private thermal power plants mainly Tata and Adani power plant stopped the generation of electricity. This automatically results in the rise in the price of power. Moreover, the government has announced in this October that it will disinvest Rs. 15,000 crores in three ancillaries of NTPC. It is established as a PSU in 1975 for the sole aim of distributing electricity to State Electricity Boards. Its capacity to generate electricity is 62,086 MW. The Central Government declared Maharatna status to this organisation in 2010. At the same time the government accelerated the process of disinvestment to privatise it.

Moreover, recently announced Asset Monetization Program mainly consists the distribution of electricity. Shortly, the generation and distribution of power will be in the hands and control of monopoly capital. The relevant preparations are accelerated.

Adani Power Limited is the largest private thermal power plant in the world. Its production capacity is 12,450 MW. It's Power projects are spread over Gujarat, Maharashtra, Rajasthan, Karnataka and Chhattisgarh. This plant has started commercial electricity in 1996 but started power production in 2009. Within 12 years it could become largest private power generation organisation. In 2014, it could acquire Udipi Power Plant in Karnataka whose production capacity is 1200 MW, the GMR Auxiliary, RajKheda thermal power station which is in Chhattisgarh in August 2019. With this, its capacity to generate electricity reached to 12,450 MW. It could get permission from NCLT to acquire Avantha Korba West power station in September 2019. It could make an agreement to acquire 49% share in Odisha Power Generation Corporation.

In 2017, Adani Power Plant could make an agreement with Bangladesh Power Development Board to supply electricity. Further, it had an agreement to establish power project in Godda, Jharkhand in collaboration with Rural Electrification Corporation (REC) and Power Finance Corporation in 2019. This clearly indicates that Adani group will control power generation and distribution in India shortly.

Moreover, on the pretext of coal shortage, the government removed all the obstacles that come in the way of selling the surplus of private companies in energy exchange. With this, their profits will increase 5 times. Already Gujarat, Rajasthan, Punjab, Haryana and Andhra Pradesh are purchasing electricity in these "Energy Exchanges".

The creation of artificial scarcity of coal is intentional to benefit the private owners of coal mines. In addition, it will ensure to raise the domination of private thermal power plants by liberalising government rules and amending Acts to handover valuable coal mines and the electricity which is very crucial for the survival and development of our nation, to the powerful private corporate forces. This is the reality. It has to be protested seriously. This requires for building up of strong peoples movements.