

Minutes of the First Meeting of the reconstituted Development Council for Heavy Electricals & Allied Industries held under the Chairmanship of Secretary (HI) on 14.12.2011 at 10.30 AM in the Conference Room No. 172, Udyog Bhawan, New Delhi

The First Meeting of the reconstituted Development Council for Heavy Electricals & Allied Industries was held on 14.12.2011 under the Chairmanship of Shri S. Sundareshan, Secretary, Department of Heavy Industry. The list of participants is placed at **Annexure 1**.

2. Shri Ambuj Sharma, Joint Secretary, DHI and Member Secretary of Development Council apprised the Council of the agenda of the meeting and also briefed about the developments that have taken place since the last meeting of the earlier Council. He also informed about the new initiatives being taken regarding preparation of the Mission Plan for the Indian Electrical Equipment Industry which will address issues for achieving the targeted growth during the next 10 years. He also informed about the initiatives taken in the Sectoral Innovation Council and Skills development.

3. Taking the discussions ahead, the chairman stated that many issues of the electrical sector have already been tackled while formulating the department's document for the next 5 year plan. However the council may firm up its views on some important issues like capacity addition programme in the power generation, tariff structure on the import of power equipments and the effect of Chinese imports alongwith strategy to tackle it.

4. Shri B.P Rao, CMD, BHEL expressed concern over downsizing of the capacity addition in the 12th Plan, leading to under utilization of power equipment capacity and having an overall adverse effect on the power equipment manufacturing industries. He also emphasized the need to improve the test facilities in the country and to have a long term plan to

address the issues pertaining to high voltage testing. He also flagged the issue pertaining to insufficient capacity in the "Balance of Plant" component, insufficient and low technology civil construction capabilities etc..

5. Shri Alok, Director, Ministry of Power observed that setting the target of capacity addition at lower level is mainly because of shortage of fuels, especially coal. However, Sh. Unnikrishnan MD & CEO of Thermax was of the view that it is for the govt. to find out solution to the problem of fuel shortages. He also stated that the govt. funding is available for installation of power projects abroad in a few countries only like Uganda. The Indian companies can explore more export markets if the govt. funding is made available in some more countries. He also flagged the requirement to associate with other groups working on Renewable energy.

6. Shri T.Sankaralingam, MD, BGR Energy stated that the coming 6 months are going to be very crucial for the sector, during which solution should be found out otherwise banks may not fund power projects. He further emphasized that the govt., while fixing the targets, should keep in mind the "Deliverable" capacity rather than "Installed" capacity.

7. The representatives of L&T, while commenting on the insufficient order book of the domestic companies stressed that the manufacturing capacity in China is huge and power equipment market in China has already saturated. In such a scenario, the Chinese companies would make all efforts to further eat up the share of domestic companies in India. The banks are not enthusiastic for further exposure in this sector as the tariff is not going up. Investments made in this sector are going to be a big waste if the problems of land, coal, funding and transmission are not sorted out early. There is no commitment from the coal companies to supply full quantity of coal as contracted. Moreover, the coal companies are entering into a 5 year contract whereas the PPA is for 25 years. Commenting on the Chinese threat, Mr.

Gaurav Dave, Jt. Secy. NMCC added that the Chinese are dismantling their old power plants and they may try to supply such parts to India.

8. Mr. Langer, consultant of IEEMA, informed that the manufacturing capacity of T&D industry is about 17000 MWe per annum whereas the capacity addition during the last 10 years was about 7000MWe per annum. He felt that govt. has fixed a target of 17000 MWe per annum capacity addition in the next 5 years and any gap in achieving this would make the T&D capacity underutilized. He also expressed his concern about the high T&D losses which are to the tune of 28-32% and the need of a platform to make a strategy to bring them down to 17%.

9. Shri Sunil Chaturvedi, ED & COO, Bharat Forge Ltd pointed out that a broader country centric view is required to be taken for the comprehensive development of the sector. He also emphasized the need to produce required materials, like CRGO/CRNGO in India in collaboration with foreign firms. He also called upon to give proper recognition to the allied industries helping this sector.

10. Shri B.V Raghavaiah, CPRI while admitting the gaps in test facilities, informed that 90% of the test facilities upto 220 KV and some facilities for testing up to 400 KV are available. CPRI has an ongoing programme of modernizing and augmenting its testing infrastructure. He also informed about the formation of a JVC for enhancing test facilities and installation of a new generator. However, he was of the view that the domestic manufacturers should further utilize their testing facilities. Shri M.K Chowdhury, ED (Procurement) NPCIL suggested that there should be a forum to consider the availability of the test facilities and its utilization. A common testing centre under cluster scheme could also be created for '*Transmission & Distribution*' sector. Necessity of *international accreditation* of CPRI testing facilities was also felt so as to boost exports.

11. After the introductory remarks by Shri Vimal Mohindroo, immediate past president IEEMA, Shri Neil Kamal Goyal, from Ernst & Young made a presentation on the proposed Mission Plan for the sector. In the presentation, the requirement of having a structured plan, vision, initiatives to be taken to realize the same and the future roadmap were dwelt upon in detail and the members were asked to give their valuable inputs on them. The member secretary informed that the Mission Plan document would be hosted on the DHI website for information of all concerned.

12. Shri Vivek Johri, Joint Secretary, Department of Revenue observed that the aspect of renewable energy, technology changes, role of sub sectors and coordination amongst them may also be factored into while formulating the long term plan in the document. He also suggested that there should be broad based interaction amongst all stakeholders to evolve the Mission Plan.

13. While summing up the discussions, the chairman observed that:

- i) the targets presently being discussed for the 12th Five Year Plan for capacity expansion appear to be on the lower side and the same need to be increased to cater to the planned requirements and demand of a growing economy,
- ii) the recommendations of Maira Committee regarding providing of a level playing field for domestic power equipment manufacturers be implemented at the earliest,
- iii) the government and industry to consider appropriate steps, like anti dumping duty or safe guard duty etc., to counter Chinese imports,
- iv) there is a need to provide adequate finance to the Industry at soft terms.

14. While concluding the meeting, the JS/member secretary informed that there would be a couple of meetings of the 5 proposed Working Groups before finalization of the Mission Plan draft document. The draft paper is available on DHI and IEEMA websites for comments of stakeholders. A time schedule was also set indicating that stakeholder's comments are expected by 25.12.2011 and collation of the comments be completed within a week thereafter. The first meeting of Working Groups should be held in January 2012 to discuss the action points, followed by the next meeting to be held in February 2012 to finalize the document. The finalized draft Document on Mission Plan would be put up for approval in the next meeting of the Development Council to be held in February/March 2012.

15. The meeting ended with a vote of thanks to the Chair and members.

LIST OF PARTICIPANTS

1. Shri S. Sundareshan, Secretary (Chairman), DHI
2. Shri Ambuj Sharma, Joint Secretary, DHI
3. Shri K.K.Tiwari, Industrial Advisor, DHI
4. Shri R.P Goyal, Director, DHI
5. Shri S.K Mishra, Under Secretary, DHI
6. Shri Vivek Johri, Joint Secretary, Ministry of Finance
7. Shri Gaurav Dave, Joint Secretary, NMCC
8. Shri Alok , Director, Ministry of Power
9. Shri Sudhir Kumar, Dy.Advisor, Planning Commission
10. Shri B.P Rao, CMD,BHEL
11. Shri O.P.Bhutani, Director (E R & D)
12. Shri Dinesh Singh, Asstt. General Manager, JSW
13. Shri Unnikrishnan, MD & CEO, Thermax Ltd.
14. Shri T.Sankaralingam, MD, BGR
15. Shri Ashish Tandon, President BGR Energy
16. Shri V.P Singh, ED (Project), MAHAGENCO
17. Shri M.K.Chowdhury, ED (Procurement), NPCIL
18. Shri S.K.Agrawal, ED (O & M), NHPC, Faridabad
19. Shri G.Ravindra, GM (PE), NTPC EDC, Noida
20. Shri Dinkar Devate, AGM (Elect), NTPC
21. Shri Ashish Jain , Director, CII
22. Shri Chetan Bijesure, FICCI

23. Shri S.Suryanarayanan, L&T
24. Shri Kuldip Goel, L & T
25. Shri M.L Gupta, Vice President, Reliance Power
26. Shri Sunil Chaturvedi, ED & COO Bharat Forge & Director Astom BFL JV
27. Shri B.V Raghavaiah, CPRI, Bhopal
28. Dr. J.Sundara Rajan, R & D Management, CPRI
29. Shri Vimal Mahendru, President Indo Asian, Past President, IEEMA
30. Shri S.K. Sehgal, Vice Chairman, T & D, IEEMA
31. Shri Rohit Pandit, Director, IEEMA
32. Shri S.L Lange, Advisor, IEEMA
33. Shri Neel Kamal Goyal, Ernst & Young
34. Shri Vinayak Vipul, Ernst & Young