

1 August, 2019

### **Coal India to own wagons to increase supplies to Power Plants**

Coal India Limited (CIL) has set the wheels in motion to purchase its own rail wagons, in a maiden venture, under General Purpose Wagon Investment Scheme, introduced by Indian Railways, where customers could own wagons for dedicated transport of their product. CIL decided to seize this opportunity for improved loading of coal from areas where production is expected to expand rapidly. Having its own rakes assures the company to push increased quantities of coal especially to power plants in desired routes. Higher indigenous supply would also help reduce the imports to some extent.

Recently, the *Maharatna* PSU's Board has green flagged the proposal to procure 40 rakes of its own at nearly Rs. 700 Crores. One rake comprises of 59 wagons. A back of the envelope calculation indicates that one rake can move 1.4 MTs of coal per annum.

With the internal rate of return being financially viable and attractive, CIL expects to realize its entire investment on the rakes within a decade. With the life of wagons spanning 35 years it would be an asset creation for CIL as well.

“During 2018-19 Coal India, as whole, on an average loaded 236 rakes per day which is expected to climb up to 400 rakes per day in the coming years as the company has set about an ambitious plan to increase its production volume to 1 Billion Tonne in next few years” said an official of CIL adding “these CIL owned rakes dedicated only for transport of CIL’s coal will help us in pushing higher volumes of coal to the power sector”.

Initially, the rakes would ply in South East Central Railway (SECR) zone in Jharsuguda-Nagpur and Katni northwards covering complete IB Valley and the entire stretch of South Eastern Coalfields Limited regions, where the production is expected to perk up, catering to the demand of 15 power plants under SECR. The matrix of SECR’s carrying capacity and CIL’s envisaged growth in coal production is favourable for deployment of the proposed CIL rail wagons.

CIL if it wants may seek changing of the route for movement of rakes once in six months. CIL has opted for the wagons of latest addition to the fleet of IR which have higher carrying capacity of 80 Tonnes each wagon against the conventional 70 tonnes. Once the load bearing capacity of track increases then CIL wagons can load higher volumes of coal per wagon.

Increase in rail transport of coal would offset the same quantity of road transport. Rail being cheaper mode of transport compared to road coal consumers will incur lower costs on rail transport.