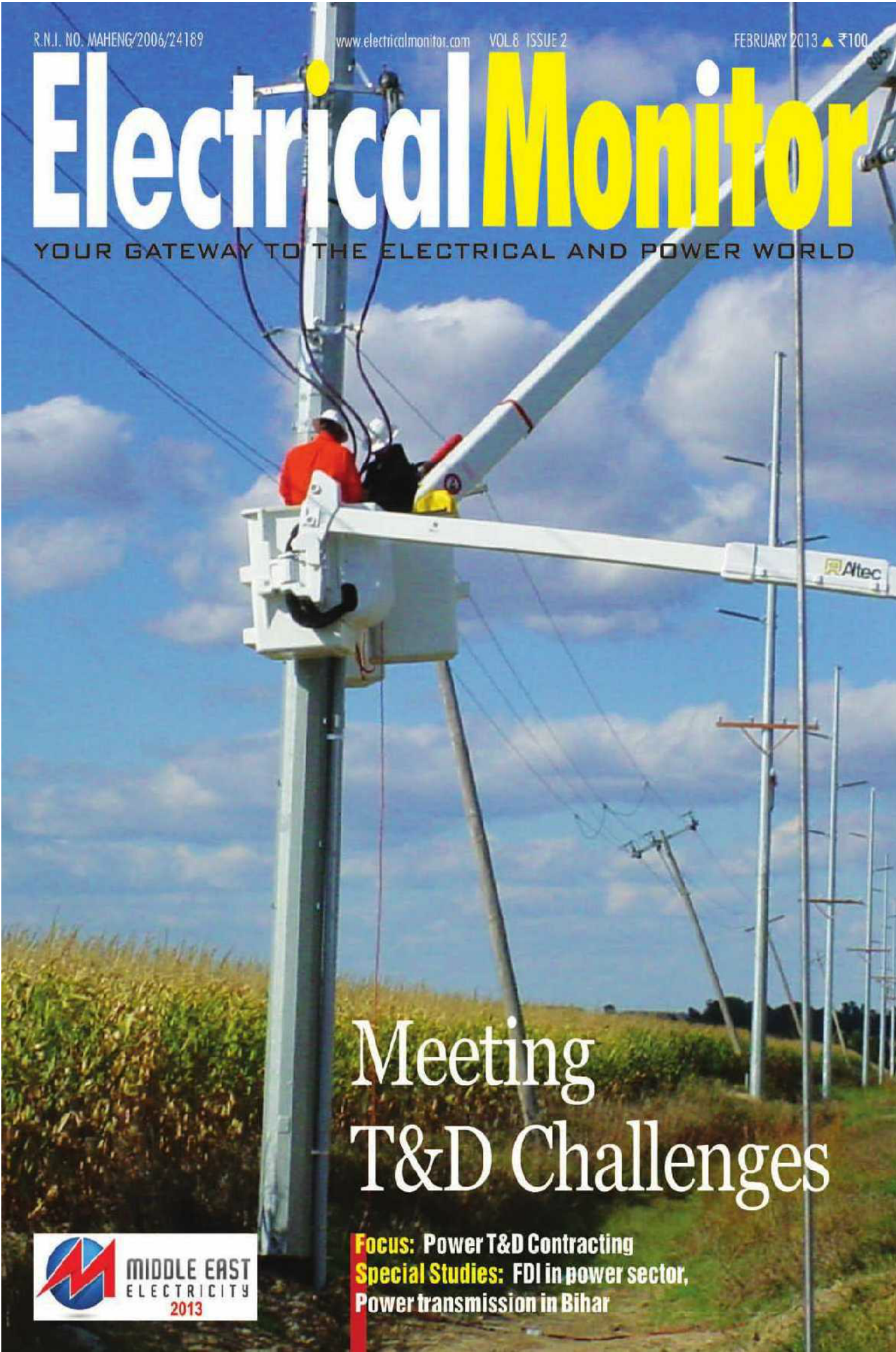


Electrical Monitor

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Meeting T&D Challenges

Focus: Power T&D Contracting

Special Studies: FDI in power sector,
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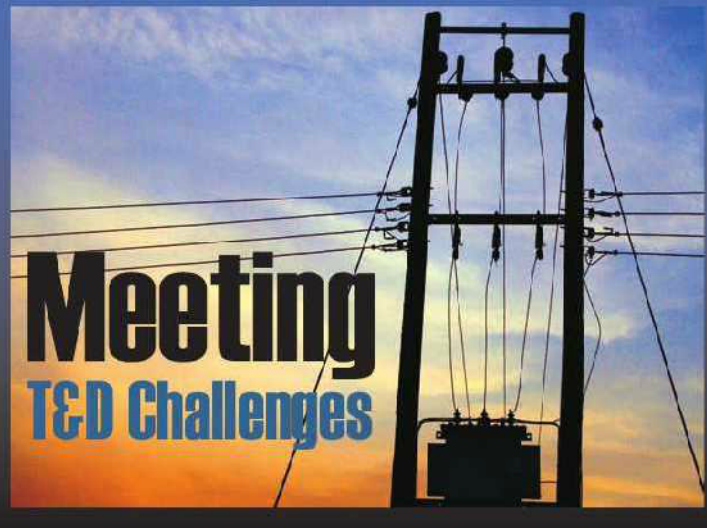


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Set up in 1981, SPML Infra Ltd is a leading infrastructure development company with multi-disciplinary experience in water treatment and transmission, municipal solid waste management, power projects and civil infrastructure construction. We have **Rishabh Sethi** discussing activities of the company's power SBU. Sethi, while proudly noting that SPML has helped illuminate over a million rural households through village electrification contracts, discusses the prospects and challenges of the power T&D contracting business. An interview by **Venugopal Pillai**.

T&D is more of management integration than just production

— Rishabh Sethi,
Executive Director, SPML Infra Ltd



Rural Electrification in Rohtas, Bihar

At the outset, please summarize the gamut of activities undertaken by SPML Infra in the field of EPC contracting in the power T&D sector.

SPML is one of the largest contributors of rural electrification in India and power transmission & distribution projects forms more than 50 per cent of SPML's initiatives in the power sector. Over a million rural households across the country have benefited through our power generation, transmission and distribution works. We are equipped with latest technology and executing projects of up to 400kV transmission lines, 400kV of substations, underground cabling, over half a million BPL consumer connections, LT/HT lines and feeder separations, SCADA and PLC among others.

How is India's power sector shaping up?

The robust economic growth and rapid urbanization has put huge pressure on India's infrastructure. Power, water, roads, sewers are critical infrastructure components that ensure socioeconomic development of a country. Among these, the power sector plays a significant role but it still lags behind despite the introduction of progressive measures. Market analysis suggests that even if India continues to grow at an average rate of 8 per cent for the next 10 years, the country's power demand is likely to grow from the present 120 GW to 315-335 GW by 2017, which would be 100 GW higher than the current growth rate, an outstanding shortage.

SPML Infra has been doing a large number of contracts relating



Substation at Ramgarh, Rajasthan

to rural electrification. Tell us about the company's achievements in this sector.

Yes, SPML has executed a large number of rural electrification projects for various power utility companies and implementing agencies all over the country.

SPML has completed one of the most challenging projects of rural electrification in villages on Jhumra Hill, some 80 km from Bokaro district in Jharkhand. The topography of the area and extreme Maoist activities have forced villagers to live a pathetic life as development has not reached there. There was no road to connect these villages to outside world and electrification of these villages across dense forest was an uphill task. SPML took up the challenge and in the absence of road; our people had to climb the hill carrying heavy concrete poles and wires on their shoulders and installed more than 600 electricity poles, 6 transformers and substations and the households were provided with electricity connections. SPML has been working for rural electrification for over three decades now and illuminated lives of millions of people in rural India!

In the field of power transmission, we understand that SPML Infra undertakes projects up to 220kV. Do you have plans of enhancing your capabilities to higher voltages?

We have already started upgrading our facilities to execute 400kV transmission line projects and are planning to enhance our execution capability to 765kV in near future.

Given that India is expected to invest around Rs.7 trillion in its power T&D sector in the XII Plan period, how do you gauge business prospects?



Some strategic measures have been taken including the Electricity Act 2003 and the policy landscape has progressively evolved that have led to radical changes in the power sector, especially in terms of competition. We have seen private sector involvement and focus on green energy over the last decade. Till early 1990s, the power sector was safeguarded from any private sector involvement; however, the mounting pressure on Government resources to support capacity additions, repeated delays encountered by state utilities and the growing demand supply gap urged the Government of India to open the power sector to private participation along with country's globalization policy.

The plan to invest around Rs.7 trillion in power T&D sector in the XII Plan is a welcome move and in the right direction. SPML has very good experience in transmission & distribution and is enhancing the capabilities to execute large and complex



projects all over the country. Apart from the existing projects, SPML has been short-listed as the lowest bidder for different T&D projects worth over Rs.1,000 crore and more projects are in the pipeline. We are a preferred partner for power utility companies and state electricity boards and we expect to receive more projects during this XII Plan period.

When it comes to Central or state government-owned utilities, do you observe any change in the policy framework of awarding contracts, over the years?

Electricity is a concurrent subject in India; both the Central and state governments are responsible for the development of this sector. It is regulated with the Central Electricity Regulatory Commission at the Centre and State Electricity Regulatory Commissions at state levels. The issue of awarding contracts and making it feasible to execute remains the same with both Centre and state. Land is a basic necessity for power generation projects. A lot of projects are either cancelled or delayed due to non-availability of land or difficulties in land acquisition. Another major hurdle post identification and selection of land is securing the required clearances from multiple government ministries and agencies. Centre-awarded projects have an upper hand of getting these clearances a little faster than the states as there are other local issues that sometimes take precedence.

The delay in awarding the project after submission of tender increases the execution cost due to escalation of prices of materials and manpower. Utilities may avoid such delay for the better and timely execution of the project. Even the delay in closing the contract after the completion of project puts undue pressure on execution companies as their final payments get delayed.

What has been your experience with manpower availability, both skilled and semi-skilled, for execution of power T&D contracts?

Power T&D projects are a manpower run business; not just production but management integration. In the present competitive market scenario, there is a huge gap in skilled and experienced workforce. It is a challenge to execute the projects on time in the absence of both skilled and semi-skilled workforce. SPML has been training people to take bigger responsibilities and it is paying us in the long run.

What are the typical challenges that you face while executing power distribution contracts, like RGGVY and R-APDRP, in rural India?

There are some social reasons like opposition from residents due to concerns over loss of land, resettlement and rehabilitation issues; environmental issues like afforestation apart from lack of skilled work force, educating villagers about the project and delays in starting the project due to other local reasons.

Please summarize the way forward for the power SBU over the next 5-7 years.

SPML has successfully delivered a number of power generation, transmission & distribution projects. Presently,



SPML is executing a number of projects for hydropower generation with a combined capacity of 125 mw in Himachal Pradesh and Mizoram. SPML has the capabilities of complete system integration of power plants, detailed power plant engineering with the various auxiliaries and equipment in the BOP package and transmission and distribution.

We have a very strong engineering team in place which is fully capable to handle any project of any size. We have a strategic plan to increase our presence in water and power sectors in the next 3-5 years and make SPML as the largest player in the urban utility services in India.

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