



## “COAL WILL CONTINUE TO OCCUPY CENTRE-STAGE IN INDIA’S ENERGY SECTOR”

**W**ith no new thermal plants being planned, limited reserves of petroleum and natural gas, eco-conservation related sensitivity for hydel projects, geo-political perception for nuclear power plants shall ensure that coal will continue to occupy the centre-stage of India’s energy scenario. However, limited bandwidth for remote management of mining assets will be a challenge. Further, with increased coal mining, long-term overburden removal contracts, coal MDO projects getting operational and cement, steel companies continuing with their greenfield and brownfield expansion, we expect a robust demand for mining equipment says **Arvind K Garg, Executive Vice-President & Head, L&T Construction & Mining Machinery** to **Ritwik Sinha** of **Coal Insights**.

**Q. Commercial mining of coal has been relatively successful in India. Do you think this sustained activity will bring in more equipment suppliers and effect in achieving low cost of production?**

The allotment of coal blocks for commercial coal mining has been done in a very transparent manner. This is evident from the response evinced by major industrial houses in the country. However, the coal production from these blocks is likely to happen in a few years after considering statutory clearances, land acquisition, etc.

With regard to suppliers, all major global mining equipment producers have their presence already in India. Some of them like Komatsu, have established manufacturing facility as well here. India, being a growing market for Mining Equipment, will surely bring economies of scale in production.

**Q. Kindly share your inputs on the future of coal in India.**

The current per capita energy consumption for India is 4,070 kWhr/year. With rising population, disposable incomes, and a quest for improved quality of life, energy requirement of India is expected to rise at a fast pace.

As around 55 percent of our energy requirement is currently met through coal, any increase in the energy needs shall have a direct effect on the coal requirement. Though we are witnessing a healthy growth in renewable energy, and rightly so, we foresee that coal will continue to be the major source of energy for the next 10-20 years.

Though no new thermal power plants are being planned, around 75 percent of the existing thermal plants have residual life of more than 20 years! The limited reserves of petroleum and natural gas, eco-conservation related sensitivity for hydel projects and geo-political perception for nuclear power plants shall further ensure that coal will continue to occupy the centre-stage of India's energy scenario.



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**Q. What is your target and outlook for FY23?**

Despite pandemic-related challenges and supply chain disruptions which hit FY22, we expect to end this year with a healthy growth over FY21. With government's renewed focus on infrastructure and increased budgetary allocations, we expect major sectors viz., general construction, roads, irrigation, railways, ports etc to drive the demand for construction equipment. With increased coal mining, long-term overburden removal contracts, coal MDO projects getting operational and cement and steel companies continuing with their greenfield and brownfield expansion, we expect a robust demand for mining equipment during FY23.

**Q. How are OB contractors standardizing on equipment purchase given their long-term targets in coal companies?**

The long-term contracts from coal companies, be it outright OB removal or MDO contracts, have certainly helped the OB contractors. Such contracts provide long-term cashflow visibility, thereby encouraging the OB contractors to invest in good-quality equipment.

There is a high probability that the equipment would be engaged in all its lifespan in such projects. So, the contractor can plan to standardize the equipment, as per the project requirements. Such comfort to OB contractors helps them in cost optimisation, which in turn helps the coal companies as well.

**Q. In remote management of mining assets, what are major challenges with regard to customer fleet working at multiple locations of the same firm?**

Remote management of mining assets has two aspects – first, compatibility of downloaded data for an integrator and second, the infrastructure to transmit the data for remote operation.

As far as the first point is concerned, major global players are offering their equipment, which has downloadable data and protocols for an integrator. However, the second one is replete with challenges. The large-size data packets require higher bandwidth. With SIM-based network having limitations, the near real-time transmission is better through satellite transmission. However, the local laws in India do not permit satellite usage for uploading equipment data from mines and hence, remote management of mining assets is still some distance away.

**Q. With regard to rebuilding old equipment, how big and effective is this market in India and how is L&T faring in this game given the fact that you have invested heavily into service & repair centres.**

Our service & repair centres primarily extend after-sales support to existing customers. Yes, we have invested heavily in them and today, six such service centres across India, provides efficient service at customers' doorsteps.

These state-of-the-art service & repair centres are equipped for major overhauls of our entire range of construction and mining equipment.

We are proactive in our endeavours to ensure good health of our equipment. In this regard, these facilities double up as training centres for our customers, with some of them equipped with simulators as well.

The used equipment market in India is limited and highly fragmented. This is primarily because in India, a contractor sells his equipment after using it for its entire economic life and sometimes, even more. Thus, the cost of rebuilding an old equipment does not make economic sense. However, on case-to-case basis, we do procure old equipment for rebuilding, though the size of such business is relatively small.

**Q. As an equipment supplier, L&T has been investing actively in safety management at customer sites. How could safety initiatives enable customers to step up their productivity?**

I am happy to share with you all that we have developed an integrated approach to safety. Today, following safety protocols is a way of life, especially for our team posted at customer sites. We have been regularly receiving accolades and appreciation from major customers for our safety initiatives, which is testimony to our proactive safety measures resulting in direct benefit for our customers.

Safety for man and machine at sites, increases the chance for an accident-free environment which leads to more equipment uptime and hence, improved productivity.

**Q. Mining is a long-term investment with a number of variables. How are you addressing the post supply challenges to ensure that the customers get the best out of the machine?**

Mitigating the post-supply challenges in effectively handling the variables, is our forte at L&T. Our Application Engineering team regularly interacts with our customers, jointly devising Continuous Improvement programs using digitization initiatives. Such programs ensure that equipment are operated in the stipulated manner and misuse, if any noted,



Komatsu mining machines at site. L&T promotes and provides after-sales service for Komatsu equipment in the Indian Construction & Mining Industry

is immediately brought to customer's notice and remedial measures taken.

The team also advises to overcome geological-related variables like fragmentation or haul road undulations. Through such post-supply initiatives, I am happy to share that some of our mining equipment viz., Komatsu HD785 Dump Trucks, PC2000 Hydraulic Excavators and WA900 Wheel Loaders have logged over 60,000 hours of operation, with high availability!

Similarly, our Parts team ensures high availability of spareparts at customer sites. Our first-pick availability and turn-around time is amongst the best in industry and we are continuously striving to better it. This ensures timely maintenance by trained professionals, which goes a long way in ensuring safe machine operations and a healthy and long economic life.

**Q. Training is a big challenge in today's environment. How are you driving various initiatives to ensure that the customer operators are well equipped to handle crisis at sites?**

At L&T, we have always valued the importance of training, for our team members and for customers as well. Over the years, we have enhanced the practical training. Besides large-size training simulators at our Service Centres, we have developed portable

simulators which can be easily carried to mining sites, thereby increasing the reach of simulator training.

As a responsible organisation, we are conscious of gender diversity and inclusiveness. Though traditionally a male bastion, we have trained and deployed an all-women maintenance crew to take care of Komatsu mining fleet at prominent iron ore mines in eastern India.

Under 'Skill India Mission', we provide operator training to Diploma holders and creating a pool of skilled operators. They are certified by Infrastructure Equipment Skill Council (IESC) making them employable. I am happy to share that for the last five years, we have consistently trained the largest number of operators in the construction equipment industry. We have won awards and this recognition is a vindication of our efforts on training have been well accepted by society and the industry.

We have joined hands with Odisha government to set up a centre of excellence in mining at ITI - Barbil and have conducted programs on Hydraulics for final year students, to make them industry ready.

Similar MoU has been signed with National Academy of Construction – Hyderabad for Telangana state. We have set up the entire practical lab at both locations with models and exhibits to partner in this initiative. ■