

'RBI norms may push power projects worth Rs. 2.5 lakh crore into bankruptcy'

More than 50,000 MW of stressed power projects, worth more than Rs. 2.5 lakh crore, with bank exposure of more than Rs. 1.75 lakh crore, are likely to face bankruptcy proceedings as, among others, the Reserve Bank of India (RBI) had scrapped all loan restructuring programmes in February, according to industry sources.

"About 50GW of operational capacity in private sector with total capex of about Rs. 2.5 lakh crore, having bank exposure of about Rs. 1.75 lakh crore may have to face bankruptcy proceedings if the underlying stress factors — resolution of change in law cases, coal supply and its restrictive usage policy and absence of power offtake agreements are not resolved quickly," Ashok Khurana director general, Association of Power producers, told *The Hindu*.

The government has called for a high-level meeting of all the stakeholders, including public and private sector power firms, lenders, coal suppliers and railways on Friday to discuss the gravity of the situation.

"RBI guidelines will be one of the most important issues under consideration as it may lead to most of the power firms to file for bankruptcy," said the CEO of private power firm who would be attending the meeting.

Payment by discoms

"Discoms are owned by the government and they are not paying us in time," Sanjay Sagar, MD, Jindal Power, told *The Hindu*.

"Coal India, again owned by the government, is not supplying the required amount of coal. With the latest RBI notification, power firms will be classified as defaulters for no fault of theirs," Mr. Sagar said.

Of the 50,000 MW, about 12,000 MW have no power purchase agreements (PPAs) or coal linkages while 20,000 MW have coal linkages but don't have long term PPAs. Another 11,000 MW of gas-based power plants are stranded for the want of gas while 9,800 MW coastal power plants of Tata Power, Adani Power and Essar Power are stranded due to lack of imported coal.

The RBI had recently scrapped all loan restructuring programmes and it's recent guidelines on 'Resolution of Stressed Assets — Revised Framework' mandates the banks to classify even a day's delay in debt servicing as default.

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