

Singareni Collieries: Telangana's Ladder to Uninterrupted Development

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HYDERABAD:

The recent decision of the Telangana CM to buy the 49 % share of the Government of India in Singareni Collieries Company Limited (SCCL) is to be welcomed. In 2012_13, SCCL had revenues of `10, 129 crore, realised a net profit of Rs. 401 crore and paid Rs. 140 crore in income tax. It paid a dividend of `86 crore and royalties of Rs. 3,500 crore to the State and Centre. It also owns Andhra Pradesh Heavy Machinery Corporation (APHMCL) at Kondapalli, Krishna. SCCL operations are spread across four North Telangana districts Khamman, Warangal, Karimnagar and Adilabad --

where SCCL is the largest employer. SCCL, founded by the Nizam's Government, has been in existence for over a hundred years and owns the only coal deposits in South India.

It also possesses large tracts of rural and urban land. SCCL's non_mining activities such as schools, colleges, clinics and hospitals should be spun off to a tax exempt Singareni Foundation. Right now the top management of SCCL does not have expertise in education and health care. The Foundation will be run by experts who are wholly and solely dedicated to these specific tasks who will manage them more efficiently. An annual grant by SCCL will maintain existing services to SCCL workers and families. Moreover, the Foundation can generate additional resources from the State and Central Government and other sources to extend these services to the rest of the population of North Telangana.

The towns of Bellampally, Kothagudam, Munguru, Ramagundam, Mancherial and Yellandu are SCCL townships heavily dependent on expenditures of SCCL and its workers. Much of the land surrounding these towns is owned by SCCL. Singareni Foundation can take responsibility for developing these towns by providing sturdy roads and efficient drains, water and sewerage supplies and power.

Funding can be sought from State and Central Government's urban plan allocations. In rural areas, the vast land owned by SCCL needs to be protected, as present and future mining operations will be conducted below these lands. However, these areas can be developed as fruit-bearing and fuel wood plantations.

These orchards and trees would stabilise the overburden and make underground mining less dangerous and improve the environment. These plantations could be developed on 3-5 acre plots leased from SCCL with the Foundation providing the initial costs of grafts, etc and the farmers providing the necessary labour and care. Preference should be given to SCCL workers either as postretirement benefits or as a part of VRS package. Some land should be kept for future employees. Once the Foundation takes over all its social and development services, SCCL's strategy should be to transform itself from a coal-mining operator to a power-generating one. SCCL should not sell any coal at all but convert all its mined coal to power and sell that power. This would increase its value addition and profitability.

This focused operation will enable SCCL to tap additional loan and equity funds from the market for expansion of mining and also for setting up pithead power plants. As for SCCL's subsidiary APHML, this company holds vast extent of land in Kondapalli, Krishna district of residual Andhra Pradesh and it can perhaps dispose the same at a good price or develop the same. With all the suggested restructuring, purchase of 49% Central shares, hiving off the social services to the Foundation, disposal of APHML, raising of fresh equity and loans and setting up of pithead power plants, the future for the people of Telangana will take a new turn. Singareni Collieries Company already a Gem, will then become the "Kohinoor" in the crown of the Telangana State.

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