

PM Narendra Modi may step in to resolve wrangling on NITI Aayog's proposed National Energy Policy



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NEW DELHI: Prime Minister [Narendra Modi](#) is likely to intervene to resolve an inter-ministerial wrangling over [NITI Aayog's](#) proposed [National Energy Policy](#) to roll out the long-overdue [power](#) sector reforms.

Different stakeholder ministries, including those of power, coal, and new and renewable energy, have failed to come to a consensus on some points of the proposed policies, including freeing coal from price control, despite several rounds of consultations, said a senior government official who is aware of the deliberations on the matter.

“National Energy Policy is pending with [PMO](#) (prime minister’s office),” the official told ET. “The top office is now planning to convene a high-level meeting of all concerned ministers and secretaries to be chaired by the PM himself to suggest way forward to the policy,” the official said.

The first draft of the policy, framed by the Aayog after intense

consultations over last one and a half year, was ready for seeking public comments by March. But that has been held back after concerned ministries raised objections with the PMO over certain proposals.

The Power Scenario

What National Energy Policy proposes

- Coal prices to be market driven
- Bring down subsidies on electricity and fertilisers
- Bring about structural and functional changes in discoms

How it will help

- Will end monopoly of Coal India
- Help in commercial mining of coal
- Improve efficiency of discoms, make them profitable

The targets

- Five-fold increase in renewables to 300 bn units by 2019
- Tripling of coal production to 1.5 billion tonnes
- Reduce coal imports by 10% in five years, by half by 2030

The infographic features a stylized illustration of a truck carrying a large red sign with the proposals, and a background of power transmission towers and a landscape.

Coal ministry, for example, expressed reservations over the proposal to free up the commodity from any price control. Such a move would divest the ministry of its power to control coal prices and help maximise profit for Coal India.

However, NITI Aayog has largely stood by its reforms agenda. National Energy Policy has proposed comprehensive reforms to free sectors such as coal, electricity and fertilisers from subsidies and price controls,

helping to produce more power by making electricity generation projects commercially viable for private companies.

The policy has outlined the need and measures to improve financial condition of power distribution companies (discoms), which are bogged down by debt, to make the sector profitable in the medium to long term.

Key suggestions being considered include overhauling the entire structural and functional capacity of discoms so that they operate more professionally.

In India, electricity and fertiliser sectors are heavily subsidised. The government feels there is a need to bring down subsidies in such sectors and, hence, a clear roadmap for lowering subsidies and aligning their prices to that of the market has been laid out.

But this proposal hasn't gone down well with concerned ministries.

National Energy Policy is aimed at curbing imports by increasing production of renewable energy in the country fivefold to 300 billion units by 2019 and tripling coal production to 1.5 billion tonnes. Coal imports are envisaged to come down by 10% by 2022 and by 50% by 2030.

NITI Aayog CEO [Amitabh Kant](#) had earlier told ET that differences are obvious as the policy proposes far reaching reforms to transform the power sector. "Wherever there are differences, we'll pose them before the Prime Minister and let him take a call," he had said earlier. Prime Minister is the chairman of the Aayog.

National Energy Policy will replace Integrated Energy Policy of the UPA regime that envisioned a roadmap for sustainable growth with energy security over a reasonable period of time.