



State govt plans to convert Mahangenco's debt into equity

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To help tide over huge debt servicing cost of state utilities, especially power generation company Mahagenco, Maharashtra government is toying with the idea of converting their debts into equities, which in turn will help them sell power at lower cost to consumers.

"We are trying to rationalise the system to reduce the cost of generation and to increase efficiency. State generation utility Mahagenco is sitting on large debt because of which the cost cannot come down and so the tariffs.

"We are considering

● The government has already started the process of allocating 41 coal blocks. While 24 blocks are being put up for auction in the first stage, 17 will to be given by the allotment route.

various options to reduce the interest burden on them, one is by swapping the debt to equity," Chief Minister Devendra Fadnavis told the Maharashtra Economic Summit here on Friday.

He said currently the plants are running at nearly 50 per cent of their capacity primarily due to issues

regarding fuel availability.

The generation company has borrowed loans for funding projects but they are finding it difficult to service the debts. Also the efficiency levels have dropped drastically. We believe that if they are given equity, they would not have to bear the burden of interest," he said.

Fadnavis further said the state will ensure that it gets coal blocks near its plants.

"Currently the locations from where we source coal is as far as almost 700 km from the plant. As Centre has decided to give priority to state utilities during the forthcoming auctions of coal blocks, we expect to get some blocks, which will be near our plants.