

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1917

ANSWERED ON:03.08.2000

JOINT VENTURE IN BHADRAWATI POWER PROJECT

ASHOK NAMDEORAO MOHOL;DINSHA J. PATEL;M.V.V.S MURTHI;SHIVAJI MANE

Will the Minister of POWER be pleased to state:

- (a) whether a German Company in joint venture of Bhadrawati Power Project of Maharashtra has withdrawn its hand from the projects;
- (b) if so, the reasons therefor;
- (c) whether the Government have examined the reasons for which German company withdrew its hand from the project; and
- (d) if so, the reaction of the Government thereon and further steps likely to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a): No, Sir. However, as informed by the Maharashtra State Electricity Board (MSEB), M/s. Electricite de France (EDF), French Power major, who was the co-promoter in the 1082 MW Bhadrawati Power Project, has conveyed to the Central India Power Company (which is the generating company established to develop the project), its decision to pull out from the project.

(b): According to MSEB, EDF has indicated the following reasons for pulling out of the power project:-

- (i) Inordinate delay in getting clearances from various authorities.
- (ii) A very high coal price sought by the coal supplier.
- (iii) Lack of proper commitment to escrow arrangements.

(c) & (d): So far as the Central Government is concerned, the two major clearances viz. the Techno-Economic Clearance of the Central Electricity Authority and counter guarantee have already been issued. However, it is true that several private sector power projects, including the Bhadrawati project, have been inordinately delayed for various reasons, the foremost reason being the poor financial health of the State Electricity Boards (SEB) and their inability to provide adequate security cover such as escrow arrangement, etc. As regards the supply of coal to the project, the proximity of the earlier allocated captive coal mines to an Ordnance Factory, led to change in the mining arrangements and consequently, a new coal supply arrangement became necessary. Government will provide all necessary assistance to the project to ensure that it overcomes the remaining hurdles and achieves financial closure at the earliest possible. The Government of Maharashtra (GOM) have also constituted a Task Force under the Chairmanship of the Chief Secretary to expedite all clearances. The Task force members have been discussing all pending issues from time to time with a view to resolving them. This mechanism is stated to be functioning very effectively and most of the issues have been sorted out.