

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:3648  
ANSWERED ON:16.08.2001  
WITHDRAWAL OF FOREIGN COMPANIES FROM INDIA  
BODAKUNTI VENKATESHWARLU

**Will the Minister of POWER be pleased to state:**

- (a) whether many proposals of foreign companies coming in power sector have withdrawn;
- (b) if so, the names of the companies withdrawn their proposal during the last three years along with the reasons for their withdrawal; and
- (c) the steps, the Government are taking to encourage companies to come forward with investments?

**Answer**

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

(a) & (b) : The details, as per information available, in regard to foreign investors who have recently withdrawn from power projects, are mentioned below :-

- M/s. Cogentrix Energy, Inc., who were one of the main promoters of the 1013.2MW Mangalore power project in Karnataka, informed that with effect from February 11, 2000, the Company has transferred their interests in the project and the Mangalore Power Company (MPC) to China Light (Mauritius) Ltd., who are equity partners in the MPC. No reasons were conveyed for withdrawing from the project.

- M/s. Electricite de France (EDF), a French Power Company, who was the co- promoter in the 1082 MW Bhadrawati Power Project has conveyed its decision to pull out from the project. The following reasons have been indicated for pulling out:-

(i) Inordinate delay in getting clearance from various authorities.

(ii) A very high coal price sought by the coal supplier.

(iii) Lack of proper commitment for escrow arrangements.

- In the case of M/s Maheshwar Hydel Power Project (10x40 MW), foreign collaborator M/s Bayernwerk Vew has decided to pull out from the project because of non-project specific reasons. M/s Ogden Energy of U.S.A. exited from the project due to its internal restructuring and changed business focus.

- In the case of 1070 MW Korba East Thermal power project, M/s Daewoo Power(India) Ltd., have given termination notice to the State Government authorities on 14.8.2000 citing inability of the Madhya Pradesh Electricity Board to provide payment security.

- In the case of 2x210 MW Bakreshwar Thermal Power Project, Units 4&5, the Government of West Bengal have informed that M/s. Bakreshwar Power Generation Co. Ltd., (BGCL), which is the Joint Venture Company (JVC) set up by the West Bengal Power Development Corporation (WBPDC), M/s. DCL and M/s. Ogden Energy Asia Pacific Ltd., for setting up the 2x210 MW Bakreshwar TPP Unit 4 & 5, has since been wound up and M/s. Ogden Energy Asia Pacific Ltd., has exited from the JVC. M/s. BPGCL have intimated that they have no interest in the project. WBPDC have requested for transfer of the techno- economic clearance accorded to the project by the Central Electricity Authority to be transferred to them as per the decision of the Government of West Bengal.

(c) : The policy to encourage private sector investment (including foreign investments) in the power sector was announced in 1991 and has been reviewed/modified from time to time, with a view to streamlining the procedures for speedy development of the power projects. Some of the steps taken by the Government for simplifying and decentralizing the procedure for clearance of private power projects and to attract more companies in the power sector, are:

- minimizing the number of clearances required to be obtained for the purpose of appraisal of the private power projects by the Central Electricity Authority (CEA).
- minimizing the role of the Foreign Investment Promotion Board by providing for automatic approval for foreign equity in selected categories and enlarging the provisions for automatic approval for such projects. Accordingly, projects for electric generation, transmission and distribution have been permitted foreign equity participation up to 100% on the automatic approval route without any limit.
- delegating more powers to State Governments for environmental clearance.
- raising the capital cost limits up to which techno-economic clearance (TEC) of CEA is not required.
- preparation of a shelf of projects to facilitate early execution and reduction of time required for preparation
- close monitoring at various levels to expedite clearances, remove bottlenecks and to resolve the `last mile` problems in achieving financial closure.
- the Electricity Regulatory Commissions Act, 1998 has been enacted which enabled setting up of the Central Electricity Regulatory Commission and the State Electricity Regulatory Commissions.
- the Electricity Laws Amendment, Act 1998 was enacted to make transmission as a distinct activity for encouraging greater participation by the private sector.
- A policy on Hydro Power Development was initiated for accelerating the pace of hydro power development in order to exploit the vast hydro-electric potential at faster pace, increase the private investment, promote small and mini hydel projects.
- The development of mega power projects at mine pit-heads, coastal location and in regions with hydro potential both in public and private sector with transmission facilities for evacuation of power to other regions is being encouraged. Under the existing mega power policy, the identified mega projects have been given certain fiscal concessions such as exemption from payment of customs duty for import of equipment, income tax holiday etc.