

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2173
ANSWERED ON:14.03.2008
SPV FOR SETTING UP OF POWER PROJECTS
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Will the Minister of POWER be pleased to state:

- (a) whether the National Thermal Power Corporation (NTPC) has signed an agreement with Coal India Ltd. to form a Special Purpose Vehicle to set up power plants in the country;
- (b) if so, the details thereof and the salient features of the agreement;
- (c) the manner in which SPV will be beneficial for both the companies; and
- (d) the time by which the power is likely to be produced from each of such plants covered under the SPV?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (d) : NTPC Ltd. and Coal India Ltd. (CIL) have signed a Memorandum of Understanding (MOU) on 15th March, 2007 to jointly undertake development, operation and maintenance of Coal Blocks and Integrated Coal Based Power Projects. However, no Joint Venture agreement has been finalized so far.

Details / Salient features of the MOU are as under:

NTPC Ltd. and CIL to co-operate and promote one or more Joint Venture (JV) Companies with the aim of jointly undertaking the development, operation & maintenance of Coal Blocks and Integrated Coal Based Power Projects.

Execution of identified project(s) to be set out through a separate detailed agreement.

The Parties to have equity holding of 50% each in the JV Company unless otherwise mutually agreed.

The JV Company(ies) to arrange necessary funds for the project without any recourse to NTPC Ltd. and CIL.

The Parties to nominate equal number of Directors on the Board of the respective JV Company (ies).

The proposed venture will benefit NTPC Ltd. and CIL by way of utilizing the synergies between the two companies for combined operation drawing upon their strengths in the respective core areas of power production and coal mining.