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**STANDING COMMITTEE  
ON ENERGY  
(1996-97)**

**ELEVENTH LOK SABHA**

**MINISTRY OF POWER**

**DEMANDS FOR GRANTS (1997-98)**

**SIXTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

April, 1997/Vaisakha, 1919 (Saka)

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STANDING COMMITTEE ON ENERGY  
(1996-97)

(ELEVENTH LOK SABHA)

MINISTRY OF POWER

DEMANDS FOR GRANTS (1997-98)

Presented to Lok Sabha on APR 1997  
Laid in Rajya Sabha on .....



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 1997/Vaisakha, 1919 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY  
(1996-97)

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3. Shri G.R. Juneja — *Deputy Secretary*
4. Shri A.S. Chera — *Under Secretary*
5. Shri S.R. Mishra — *Reporting Officer*

## INTRODUCTION

1. I, the Chairman, Standing Committee on Energy, having been authorised by the Committee to present the Report on their behalf, present this Sixteenth Report on the Demands for Grants (1997-98) relating to the Ministry of Power.

2. The Committee took evidence of the representatives of the Ministry of Power on 8th April, 1997.

3. The Committee wish to thank the representatives of the Ministry of Power who appeared before the Committee and placed their considered views. They also wish to thank the Ministry for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 19th April, 1997.

NEW DELHI;  
*April 25, 1997*  

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*Vaisakha 5, 1919 (Saka)*

JAGMOHAN,  
*Chairman,*  
*Standing Committee on Energy.*



## PART I

### REPORT

#### ANALYSIS OF DETAILED DEMANDS FOR GRANTS AND PLAN BUDGET OF THE MINISTRY OF POWER (1997-98)

The Ministry of Power have presented Demands for Grants of Rs. 3247.03 crores for the year 1997-98 as against Rs. 3023.84 crores (BE) and Rs. 3092.54 crores (R.E.) for the year 1996-97 and Rs. 2930.04 crores (Actual) for the year 1995-96. The headwise details of the Demands for Grants are shown in Annexure.

2. Sector-wise distribution of the Budgetary support of the Ministry of Power for the year 1994-95 to 1997-98 is as follows:

(Rs. in crores)					
SL.N.	Sector	1994-95	1995-96	1996-97	1997-98
1	2	3	4	5	6
<i>(A) Central Sector</i>					
1.	Secretariat Economic Service	3.06	3.50	3.52	3.95
2.	C.E.A.	37.05	42.06	29.10	31.25
3.	Generation				
	(a) Thermal	1705.84	1149.45	807.49	772.58
	(b) Hydro	909.59	817.85	796.43	1125.53
4.	Trans. & Distribution	345.00	318.64	321.00	303.41
5.	Power Finance Corporation	175.00	300.00	550.00	550.00

1	2	3	4	5	6
6.	System Improvement (OECF loan)	50.00	300.00	50.00	30.00
7.	Misc. Schemes	109.14	114.86	118.30	82.31
	Total (A)	3334.68	3046.36	2675.84	2899.03
(B) State Sector					
1.	Rural Electrification	316.00	348.00	348.00	348.00
	Total (A+B)	3650.68	3394.36	3023.84	3247.03

3. A glance at the Sector-wise distribution of budgetary support from the year 1994-95 to 1997-98 shows that budgetary allocation for thermal generation has been coming down every year. The Committee note that while the projected target for thermal generation for the year 1997-98 is 2385 MW the Budget allocation has come down to Rs. 772.58 crores in the year 1997-98 from Rs. 1705.84 crores in 1994-95. The likely achievements of thermal generation during the Eighth Plan period has been shown at 14626 MW against the Eighth Plan target of 20156 MW. The Committee therefore do not find any justification in cutting down of expenditure in generation of thermal power which is a major source of power generation. The Committee also observe that Ministry of Power have gradually cut down budgetary allocation for transmission and distribution as well as System Improvement (OECF loan). The necessity of funds for this purpose cannot be over emphasised as without proper transmission infrastructure facilities power of surplus area cannot reach the deficit areas. The Committee desire that budgetary allocation for these crucial areas should not be reduced and want the Ministry to furnish an explanation for the gradual reduction of allocation for these areas.

#### I. Plant Load Factor (PLF)

4. One of the steps for meeting shortage of power is stated to be improving PLF. The PLF during the first four years as well

as during 1996-97 (April-December 1996) of the Eighth Plan are as under :—

(Figures in %)

Year	Centre	State	Overall
1992-93	62.7	54.1	57.1
1993-94	69.2	56.5	61.0
1994-95	69.2	55.0	60.00
1995-96	71.0	58.1	63.0
1996-97 (April-Dec '96)	69.7	57.8	62.5

5. Asked to furnish the reasons for low PLF in case of State sector Ministry of Power in their written reply stated as under :

- (i) Poor performance of old thermal power units.
- (ii) Frequent break-downs resulting in forced outages.
- (iii) Managerial inefficiencies.

6. Enquired about the steps taken to improve PLF in both Central and State sector, Ministry of Power stated as under:—

- (i) Renovation and modernisation programme (Phase-I) was taken up involving 34 thermal power stations (163 units) resulting in additional generation of 7000 MW per year. Renovation and modernisation programme (Phase-II) involving 44 thermal power stations (198 units) has been taken up with the implementation of this programme, it will be possible to increase the generation by 7864 MU per year.
- (ii) Power Finance Corporation (PFC) has taken up the funding of Renovation and Modernisation Schemes.
- (iii) Strengthening of inter-regional links for transfer of surplus power from Eastern Region to other regions.

7. The Ministry of Power stated that R&M (phase-I) was launched by Government of India all over the country in September, 1984 for completion during the Seventh Plan Period and R&M (Phase-II) was taken up in 1990-91 for implementation during the Eighth plan. So far as funding by PFC is concerned SEBs like UPSEB, BSEB, WBSEB, ASEB, DVC are short of funds and some SEBs are ineligible for PFC funds.

8. Thermal plant load factor for the different regions are as mentioned in Economic Survey (1996-97) is as under:—

*Thermal Plant Load Factor*

Region	1992-93	1993-94	1994-95	1995-96	April-November		
					1995 Actual	1996 Target	1996 Actual
Northern	62.0	64.0	59.1	62.0	60.0	61.9	62.0
Western	59.7	62.4	63.8	68.1	65.4	65.5	66.3
Southern	62.6	68.3	69.1	74.7	71.1	68.2	73.8
Eastern	39.8	44.8	43.7	42.7	41.0	46.7	41.7
North-Eastern	24.3	19.9	26.7	28.6	28.8	29.3	27.0

\*Provisional

9. Asked to furnish the reasons for continuous shortfall of PLF in case of Eastern and North-Eastern region, Ministry of Power in their reply mentioned following points :—

- (i) Ratio of peak demand to off-peak demand is high resulting in backing down of generation in thermal power stations during off-peak hours.
- (ii) Low system demand.
- (iii) Higher rates of Planned and Forced outages.

10. For improving PLF in these two regions, Ministry of Power have stated that they are taking following steps :—

- (i) Implementation of Renovation and Modernisation Programme in the old thermal units.

- (ii) Ensuring availability of fuel.
- (iii) Transfer of surplus power during off-peak hours from Eastern Region to Southern Region (150 MW—A.P.), transfer to Western region (150 MW—M.P.) and transfer to North-Eastern region (100 MW—Assam).

11. The Secretary, Ministry of Power during oral evidence mentioned :—

“There is a scope of optimum utilisation of existing assets. One is by more generation to increase PLF of existing stations. There has been an increase from 54 to 60.3 percent. So, the effort is on. May be that it is not adequate but they are attempting to improve on this.”

12. As per consensus reached at the Chief Minister’s Conference held in December 1996, it was proposed to improve PLF of Power Stations in State Sector to a minimum level of 65% and the national average of 70% including Pvt. sector by 2002 A.D.

13. The projected demand for 1997-98 in the Eastern Region as assessed in the 14th and 15th Electric Power Survey (EPS) is given below:—

	Energy Requirement (MW)	Peak Demand
(i) 14th Electric Power Survey	60816	11111
(ii) 15th Electric Power Survey	50766	8830

14. Asked to give details of power situation in the Eastern Region, Ministry of Power in their post evidence reply furnished the details as under :—

	Restricted	Unrestricted
Off-Peak Demand	4415 MW	4390 MW
Peak Demand	6880 MW	6930 MW

15. The Ministry also stated that on an average there is a surplus Power of 1600 MW during the off-peak and 1000 MW during the peak hours. in the Eastern Region.

16. The total generating installed capacity in the Eastern Region is 13640 MW and derated capacity 13400 MW. The present peak demand in the Eastern Region is in the range of 6700-6900 MW and the off-peak 4300-4500 MW. Thus there is a difference of 1400 MW between peak and off-peak demand. The ratio of peak hours demand and off-peak hours demand is about 1:5. As such, backing down of generation in the thermal Power stations is being done during the off-peak hours.

17. The Secretary, Ministry of Power during oral evidence stated that while the projects were planned 10 years back, eastern zone was reeling under power shortage and serious breakdowns. He further stated that load available was not to the extent it should have been as consumption were less. During off-peak period there was tremendous amount of surplus power.

18. When it was pointed out that even if Eastern Region had surplus Power certain areas were not getting electricity even during the off-peak period, Secretary Ministry of Power during oral evidence stated as under :—

“The transmission and distribution network in the eastern region is not up to the extent that is really desirable. Quite often we say that there is a shortage of 20-25 per cent. With the power availability being what it is in the eastern region, if we have got adequate transmission network by way of 400 KV transmission lines and substations, frankly we should have made better supply of power to various States in the Eastern region that what we have. The basic reason being the lack of absorbing capacity by some of the States.”

On the State of Bihar which is having shortage of 25%, the Secretary stated that this is not because of lack of power at the generation level during the off-peak period. During the off peak period, that means most of the night and some time during day power is not coming to villages and blocks primarily because we do not have proper transmission.

19. To solve this problem the Secretary, Ministry of Power, during oral evidence mentioned :—

“It is essential to go for a national grid and we have already planned a national grid.”

20. Though Eastern Region is stated to have surplus electricity the Per Capita consumption of electricity is much below national average as can be observed from below :—

Region	Per Capita Consumption (Kwh) 1994-95
Northern Region	302
Western Region	468
Southern Region	369
Eastern Region	182
North-Eastern Region	96

21. The Committee note that the plant Load factor in case of State sector has constantly been below the national average. The Ministry has informed the Committee about the measures taken by it in this regard namely funding by Power Finance Corporation for Renovation and Modernisation schemes and strengthening of inter regional links to transfer surplus power from eastern region to other regions. The Committee however regret to observe that despite the two R&M programmes that completed during the 7th Plan Period and 8th Plan Period the PLF in State sectors, are far below national average and the existing assets are not being used optimally. In this context the Committee observe that progress in respect of as many as 16 R&M schemes pertaining to UPSEB, BSEB, WBSEB, ASEB, DVC etc. is very tardy. The Committee recommend that Ministry of Power should assist, guide and ensure flow of funds from all possible sources so that the target of 65% PLF can be achieved by Power stations at State level by the end of Ninth Plan period.

22. The Committee regret to note that PLF of Power projects in Eastern and North-Eastern region is far below national average mainly due to lack of system for transmission of power. Thermal plants of these regions are compelled to 'back down' for this reason. Due to non-availability of transmission system, 1600 MW offpeak and 1000 MW peak power is wasted. The Committee emphasize the need for evacuation of power from eastern region to the scarce areas and expect the Ministry to plan accordingly so that the capacity of existing power plants can be utilised at its optimum level and surplus power of 1600 MW (Off peak) and 1000 MW (peak) be distributed. The

Committee would like the Ministry to implement its plan for the national grid expeditiously.

23. The Committee observe that demand projection of energy requirement/peak demand for Eastern region has been reduced in the 15th Electric Power Survey (EPS) in comparison to the projection made in the 14th EPS. The Committee would like to be apprised of the basis on which the demand projection has been reduced in the 15th Power Survey.

24. The Committee find that one of the reasons advanced for less utilisation of capacity in Eastern and North-Eastern region is low system demand. The Committee also observe that consumption of power in these two regions are far below than the other regions of the country. The Committee therefore desire that a thorough study should be undertaken to ascertain the cause of low level of demand of electricity in these regions and also the need for adequate and effective planning in this area. The Committee also recommend that Ministry of Power should take suitable steps to improve transmission and distribution network.

## II. Power Generation and Capacity Addition

25. The Economic Survey (1996-97) stated that Power Generation during 1995-96 at 380.1 billion Kwh recorded a growth of 8.3% over 1994-95. Total generation of Power during April-November, 1996 at 257.2 billion Kwh compared to 248.7 billion Kwh during April-November, 1995 recorded a growth of 3.4%. While thermal and nuclear generation went up by 6.5% and 4.1% respectively, hydro generation declined by 7.7%.

26. The power generation during the years 1990-91 to 1996-97 is given below :—

Year	Generation (Billion Units)	Percentage increase over the previous year
1	2	3
1990-91	264	7.6
1991-92	287	8.4
1992-93	301	5.0



1	2	3
1993-94	324	7.4
1994-95	351	8.5
1995-96	380	8.3
1996-97	394	3.8

27. The Sector-wise generation during the years 1995-96 and 1996-97 is given below :—

Type of Generation	1995-96	1996-97 (Billion Units)	%Increase/Decrease	
			(+)	(-)
Thermal	299.6	316.8	(+)	5.8
Nuclear	7.9	9.0	(+)	13.9
Hydel	72.5	68.6	(-)	5.4
Total	380.0	394.4	(+)	3.8

28. Asked to state the reasons for deceleration in the rate of growth of power generation, Ministry of Power stated as under :—

- (i) Higher rate of forced outages of thermal plants mainly Northern and Eastern Regions.
- (ii) Slippages in Capacity addition.

29. The mode-wise target and likely achievement for Capacity addition during 8th plan period (sector-wise & type-wise) is summarised below :—

(In mega Watts)

Type	Eighth Plan Target				Likely achievement			
	CS	SS	PS	Total	CS	SS	PS	Total
Hydro	3260	5860	162	9282	1345 (41)	1089 (19)	168 (104)	2602 (28)
Thermal	8499	9009	2648	20156	6367 (75)	6474 (72)	1785 (67)	14826 (73)

	CS	SS	PS	Total	CS	SS	PS	Total
Nuclear	1100	—	—	1100	440 (40)	—	—	440 (40)
Total	12859	14869	2810	30538	8152 (64)	7563 (52)	1953 (70)	17668 (58)

CS-Central Sector, SS-State Sector, PS-Private Sector.  
 Figures in brackets indicate % achievements.

30. Major reasons for shortfall in capacity addition as stated by Ministry of Power are as under :

“One of the major reasons for the significant shortfall has been the slow execution of hydro schemes for various reasons. The important hydel schemes, both in Central Sector and State sector such as Dulhasti, Tehri, Rangit, Ranganadi, Sardar Sarovar, Thein Dam, Srisaillam, Koyna could not be completed for reasons as varied as delay in award of contract due to R&R problems and stay order by courts and law and order problems in North East and Jammu & Kashmir. Another important reason for slippages, particularly in the thermal projects has been that the State’s saw the announcement of Policy for Private participation in 1991 as an opportunity to cut back on their involvement in generation projects. As a result many projects that were scheduled for commissioning through the State Sector resources were transferred to the private sector. The change in executing agency involved change in DPRs for which necessary clearances were to be sought afresh. In August, 1995, CEA had assessed that the capacity to the extent of 9982 MW may not be available due to shift in implementation of some of the projects from Central Sector and State Sector to the Private Sector and changes in the gas based units.”

31. Asked about the details of shifting of projects from both Central and State Sector to Private Sector, Ministry of Power in their written reply stated as under :

“As per the actual commissioning of projects in 1996-97, the capacity benefits aggregating to 16415 MW have been achieved during Eighth Plan as against a target of 30538 MW. The slippage in capacity addition programme has been 14123 MW. Out of the

projects included in the Eighth Plan Programme, projects with a capacity of around 4245.6 MW as envisaged in the Eighth Plan have either been offered by the State Governments to the Private Sector or expressions of interest for Private Sector participation have been received. These projects are at different stages of development."

32. Asked whether the Ministry had taken any step to control the situation when the CEA had alerted the Ministry about the shifting of projects to Private Sector and consequent shortfall of about 9982 MW in August, 1995 the Ministry of Power in their reply mentioned the following steps :

- (i) Simplification and Streamlining of the Procedures
- (ii) Improvement in physical parameters
- (iii) Captive/co-generation Plants
- (iv) Quick addition of capacity based on liquid fuels
- (v) Counter Guarantees
- (vi) New Role for Central Power Sector Undertakings
- (vii) Reforms in State Electricity Boards
- (viii) Adoption of Common Minimum National Action Plan.

33. During oral evidence the Secretary, Ministry of Power mentioned that during the year 1991 it was recognised that the shortages were substantial both in terms of energy and peaking. As Power Sector was totally under the Public Sector both Central and State Governments were unable to fund the growing demand which was growing at the rate of 8% at that time. As State Governments were taking up for funding various welfare measures it was thought that Power was one sector where there was possibility of getting private investments.

34. Asked why no mid-term appraisal/correction was not made when it was noticed that sufficient private investment was not coming in, the Secretary, Ministry of Power stated that projects of about 5000 MW capacity from State and Central Sector were given to Private Sector. As these projects were transferred to Private Sector the entire matter regarding 5000 MW had to be done *de-novo* right from the publication of the notification obtaining of clearances like environmental clearance, preparation of fresh detailed project report. Hence it was

felt that it was not possible to achieve capacity addition beyond 20,000 MW in the 8th Plan Period which started in 1992 and was reviewed in 1994.

35. The Secretary, Ministry of Power further stated:

“Although we have mentioned about the private sector, in the beginning of the Eighth Plan, we were not envisaging much of the Private Sector to get into this system during the Eighth Plan”.

36. For the last four years, the Secretary, Ministry of Power stated, that they have really gone for Private Sector. However, for promoting Private Sector certain pre-requisites like preparation of PPAs are needed. The Secretary, Ministry of Power admitted as under :

“In fact, obviously, we have not realised it at that point of time that we have to generate the necessary documentation in various fields in terms of steps like power purchase agreement which is highly complex document. What really had happened was we were really dealing with the Electricity Boards or with three or four concerns of the Private Sector which are available in the country. We did not really go into the complexities of the power purchase agreement and the way to operate it.....I would like to submit to that extent, perhaps we should have certainly made better preparations simultaneously while going to the private sector participation and the absence of documentation has certainly delayed the implementation of the Power Policy.”

37. The Committee observe that the Eighth Plan target for capacity addition was 30538 MW. The achievement is disappointingly low at 16415 MW. The reasons pointed out by the Ministry are slow execution of hydro schemes and shifting of thermal projects from Central and State Sector after the announcement of policy for Private Sector participation. The Committee note that planned hydel schemes have not been completed due to reasons like delay in award of contract, R&R problems etc. The Committee are unhappy to observe that Ministry have not taken any specific step to solve the problems which could have been foreseen. The Committee desire that the problems faced by different hydel schemes should be solved within a specific time and these problems should not persist over the years leading to huge cost and time over-run.

38. The Committee note that the policy to invite private participation in the Power Sector was initiated before the

commencement of 8th Plan. The Ministry appears to have envisaged significant progress of generation through Private Sector. However, the launching of private participation appears to have been done without preparation of proper ground work *viz.* Power purchase agreements, fuel linkages, documentations, etc. As a result, there has been no major progress in this regard. Moreover, the Committee note that the Ministry of Power have not attempted a suitable correction and they feel that for power sector, Eighth Plan was a failure of anticipation, planning and imagination.

### III. Ninth Plan Proposal

39. The need based target requirement for Ninth Five Year Plan is projected at 57,000 MW. On being asked how the Ministry of Power could ensure the achievement of this target, the Ministry of Power in their Post evidence reply stated :

“To facilitate capacity addition, Ministry of Power has already initiated various policy initiatives. These are completion of ongoing projects, higher investments in Public Sector, structuring of policy to encourage private participation in the Power Sector, including captive/cogeneration and Mega projects, model documentation for various inputs required in the finalisation of contracts by State Governments with the private parties, allocation of liquid fuels for short gestation projects, streamlining and simplification of procedures for clearances, greater delegations to the States, ensuring full funding to ongoing projects, etc.”

40. On the constraints in achieving the target, the Ministry of Power stated as under :

- “Availability of financial resources. Much would depend on whether or not State Electricity Boards are in a position to generate substantial internal resources and become viable entities for raising funds through market.
- Availability of fuels, particularly coal and gas. The investments required in the mining sector to extract the required quantities of coal and in Railway sector to transport the coal to the Power stations are to be concurrently made for reaping the benefits of capacity addition. As regards gas, the present availability and transportation also has to be augmented.

- Financial closure of the projects in case of private sector would have to be expedited. In case of new schemes, State Governments would have to take early action in finalising the private promoters, ensure acquisition of land, various clearances, power purchase agreements etc.”.

41. On mobilisation of funds for power sector, the Secretary, the Ministry Power during oral evidence stated:

“We certainly feel that because of the various measures that have been taken on the policy level and also for streamlining the procedures and also delegating Power to the State Governments, considerable investment should flow into the private sector in the Ninth Plan”.

42. It was further informed by the Ministry that Ninth Plan targets are yet to be finalised by the Planning Commission. The capacity addition requirement of 57,000 MW worked out by Working Group on Power have been based on the demand projection in the 15th EPS. Exercise for capacity addition programme has been assessed to meet the full peak requirement at the end of the Ninth Plan. This would require a total installed capacity of 143891 MW at the end of the 9th Plan Period. In order to meet the base load requirement by the end of the 9th Plan, it has been assessed that the total installed capacity could be 134869 MW. Thus 9000 MW less capacity, out of 57,735 MW, would be required in case it is to meet only the base.

43. A rough estimate indicates that Rs. 228,000 crores would be needed to achieve the 9th Plan projected target.

44. On the problems of fuel linkage to the Private Sector, Ministry of Power in their post evidence reply stated :

“The fuel supplying and transporting public sector monopolies have, hitherto, been supplying fuel to largely public sector generating entities without the necessity of entering into performance-based, commercial contracts. With the advent of the private sector, there is, clearly a need for a greater degree of commercial efficiency and performance. Some fuel supply agreements were formulated after detailed discussions between the public sector fuel suppliers, State Governments and the independent Power Producers in 1994. The Ministry of Power also took the

initiative, through discussions in various inter-Ministerial fora, and has been able to mitigate a large number of pertinent issues relating to these agreements. To further expedite matters, Ministry of Power has also taken the initiative to appoint a reputed international consultant for preparing draft fuel supply and transportation agreements. These model, reference documents are being finalised shortly and will be circulated for information and guidance to the State Govts./SEBs.

The Ministry of Power is also co-ordinating with the concerned Ministries like Coal, Petroleum and Natural Gas for expediting fuel linkages and related issues for new power projects. The Ministry of Coal/CIL have also appointed international consultants to finalise model documents and also private project specific documents."

45. During oral evidence, the Secretary, Ministry of Power mentioned that, about 12,000 MW of electricity will be produced by way of naphtha during Ninth Five year plan.

46. Asked about the cost of generation from naphtha based power plant it was stated in post-evidence reply of Ministry of Power that the cost of generation from imported/domestic naphtha was analysed in 1995 in the inter-ministerial fora with Planning Commission, Ministry of Petroleum and Natural Gas, and CEA and it was estimated at Rs. 2.20/Kwh to Rs. 2.50/Kwh. Although this is more expensive than domestic coal/gas based power, the non-availability of these fuels led to the choice of liquid fuels for power generation, especially for areas far away from the coal mines etc.

47. The Secretary, Ministry of Power during oral evidence also mentioned as under :

"We have deliberately kept this as an interim measure as we are not able to really get into a big way, either in the State sector or in the Central sector or also in the major projects in the private sector. The plus points of liquid fuel are, the projects can be commissioned in one-and-a-half years".

48. Asked about the other countries which have naphtha based power plants the Secretary, Ministry of Power mentioned that hardly any country has gone in for naphtha.

49. The Committee observe that Ministry of Power have projected a capacity addition of 57,000 MW with an estimated expenditure of Rs. 228,000 crores during the Ninth Plan Period. The Committee desire that Ministry of Power should take all necessary steps to achieve the target set for the Ninth Plan unlike the 8th plan period which witnessed severe shortfall in achieving the targets. The Committee stress that Ministry of power should ensure the implementation of projects in Central, State & Private Sector as proposed for the Ninth plan period. The Committee desire that while planning for the 9th Plan investment in infrastructure should be anticipated and taken into account. The Committee would therefore like the Planning Commission and Ministry of Finance to allocate the required funds for the power sector and allied sectors such as mining, surface transport and railways so that the targetted capacity addition can be achieved.

50. The Committee regret to note that inspite of their repeated emphasis on the need for a comprehensive fuel policy, Ministry of Power have not taken any concrete step so far. The Committee also observe that the Ministry have proposed capacity addition of about 12,000 MW by way of naphtha based Power Plant without caring for its impact in the form of huge cost which would ultimately be borne by the consumers. The Committee are also surprised to note that no other country has opted for naphtha as fuel for power plants so far. The Committee need hardly stress that while selecting fuel for power plants the interest of ultimate consumers should be kept in mind.

#### IV. Rural Electrification Programme

51. Target and achievements for villages electrification and pumpsets energisation in the year 1996-97 is as under :

	Target	Achievement (upto Jan. 1997)	% achieved
Villages Electrified	3000	1178	39
Pumpsets energised	2.50 lakhs	1.80 lakhs	72

52. Asked about the reasons for shortfall in achieving the target in case of village electrification and pumpsets energisation Ministry of Power in their reply stated that against the Annual Target of 3,000 villages and 2.5 lakh pumpsets, States have reported the progress of 1725 villages and 2.2 lakh pumpsets during the period April 1996 to February, 1997. As per the latest indication from the field units, the Annual target both for village electrification and pumpsets energisation are likely to be fully achieved.



53. To improve the quality of life of rural families below poverty line including Dalit and Adivasi families, the Government of India in 1988-89 launched a programme called Kutir Jyoti for extending single point light connections to the households of such poor families free of cost.

54. 5.11 lakh connections were released in the financial year 1995-96 against the target of 6.25 lakh. So far achievement in regard to extending connection under Kutir Jyoti scheme in the year 1996-97 is concerned by the end of January, 1997 only 143741 connections were given to 9 States only. Asked to explain why no connections have not been given to other States while grant was sanctioned the Ministry of Power stated as under :

“The reduction of the target in 1996-97, from 6.25 lakh connections to 2.8 lakh connections has occurred, due to the fact of increase in the cost of per connection from Rs. 400/- to Rs. 800/- (without meter) and Rs. 1000/- (with meter) which was a long standing demand of SEBs. The budgetary allocation of Rs. 25 crores has, however, not been proportionately increased since the approval was received from Ministry of Finance only in February, 1997. Ministry of Power will take up this matter separately with the Planning Commission and the Ministry of Finance”.

55. In regard to low achievement in the year 1996-97, the Ministry of Power stated :

“In view of the reluctance of the States to take up the KJY work at the lower cost of Rs. 400/- per connection, the progress was slow till January, 1997. As the unit cost has now been revised upward, the States have shown their willingness and the programme has been sanctioned to them. The revised target of 2.8 lakh connections with utilisation of the budgetary support of Rs. 25 crores is likely to be achieved in full”.

56. So far as achieving target of electrification of tribal villages during 1996-97 is concerned while the target was for electrification of 520 tribal villages, 371 are reported to have been electrified ending February, 1997. The Ministry have stated that as per the indication available from the field units the annual target of electrification of

tribal villages is expected to be achieved in full. The details of achievement furnished by the Ministry are as under :

*Electrification of Tribal Villages under Tribal Sub-Plan (TSP)  
During 1996-97*

(April, 1996—Feb., 1997)

(Prov.)

States	Tribal Sub-Plan (TSP)			
	Annual target	Phased target	Achv.	%age
1. Andhra Pradesh				
2. Arunachal Pradesh	65	49	81	165
3. Assam	25	19	7	37
4. Bihar	30	25	0	0
5. Madhya Pradesh	100	84	149	177
6. Maharashtra				
7. Manipur	75	56	58	104
8. Meghalaya	20	15	60	400
9. Mizoram	15	11	2	18
10. Nagaland				
11. Orissa	50	42	0	0
12. Punjab				
13. Rajasthan	80	67	11	16
14. Sikkim				
15. Tamil Nadu				
16. Tripura	10	8	0	0
17. Uttar Pradesh				
18. West Bengal	50	42	3	7
<b>Total</b>	<b>520</b>	<b>418</b>	<b>371</b>	<b>89</b>

Note : Funds allocation under SCP includes revision for laying of electrical infrastructure, load development and intensification works etc.

57. The target for electrification of Dalit Bastis for the year 1996-97 was 2450 whereas achievement ending February, 1997 was 2034 and Ministry stated to achieve the target in full. However, the target and achievement in some of states are not matching as can be seen from below:

Electrification of Dalit Bastis Special Component Plan (SCP) During 1996-97

States	(April, 1996-Feb., 1997)		(Prov.)	
	Special Component (SCP)			
	Annual target	Phased target	Achv.	%age
1. Andhra Pradesh	100	83	159	192
2. Bihar	200	166	0	0
3. Karnataka	75	62	354	569
4. Kerala	50	42	125	301
5. Madhya Pradesh	500	415	390	94
6. Maharashtra	150	125	71	57
7. Orissa	250	208	0	0
8. Rajasthan	500	415	182	44
9. Uttar Pradesh	500	415	1034	249
10. West Bengal	125	104	0	0
Total	2450	2034	2319	114

Note: Funds allocation under SCP includes revision for laying of electrical infrastructure, load development and intensification works etc.

58. The Committee observe that during the year 1996-97, 3000 villages were targeted for electrification and 2.50 lakhs pumpsets were to be energised. So far achievement in this regard is concerned, upto February, 1997 only 1725 villages have been electrified and 2.2

lakhs pumpsets have been energised. Though the Ministry of Power have expressed optimism about achieving the balance targets (electrification of 1275 villages and energising 30,000 pumpsets), the Committee are doubtful about this. The Committee would like to be informed about achievement in this regard and the reasons which have led to the slow progress in achieving the targets for the year.

59. Under the Kutir Jyoti Programme, single point light connection is extended free of cost to households below poverty line. The Committee find that in the year 1995-96 against a target of 6.25 lakh connections 5.11 lakh connections were released. However, in the year, 1996-97 against the same target of 6.25 lakh, connections released were only 143741. The explanation given by the Ministry for the shortfall is that unit cost for Kutir Jyoti Programme has been increased from Rs. 400 to Rs. 800 (without meter) and Rs. 1000 (with meter) due to which the target for extending connections has been reduced to 2.8 lakh. The allocation for 1997-98 has remained unchanged at Rs. 25 crores. The Committee understand that the Ministry of Power have taken up the issue of enhancing allocation for the programme with the Planning Commission and Ministry of Finance. The Committee however feel that the target should not have been revised downward and Ministry should have convinced the Ministry of Finance and Planning Commission at the beginning itself to enhance the allocation for 1996-97 proportionately.

60. The Committee note that achievement of electrification of tribal villages under TSP and Dalit Bastis under SCP in the year 1996-97 are short of the target set in case of some States. The Committee expect the Ministry of Power to explain the shortfall of target in case of some States and recommend that the Ministry to reflect the details regarding target and achievement in the Performance Budget itself in future.

#### V. Damodar Valley Corporation (DVC)

61. In case of Damodar Valley Corporation (DVC), total 8th Plan outlay was Rs. 1300.00 crores and actual expenditure was Rs. 1239.60 crores. Now the Ministry of Power have proposed outlay of Rs. 5350.00 crores for 9th Plan.

62. Asked to explain the reasons for substantial hike in allocation for DVC, Ministry furnished the following reply:

“During the 9th Plan, Damodar Valley Corporation (DVC) is proposing to take up the following beside executing the on-going Mejia TPS (3 × 210 MW) whose 3rd unit would be commissioned in the first year of 9th plan. The DVC is proposing to take up the following new projects :

Transmission schemes for which an outlay of Rs. 292.16 crores has been proposed and maintenance of T&D scheme for which an outlay of Rs. 77.69 crores has been proposed. Besides following green field project would be taken up.

- (a) Maithon R/B TPS (2 × 210 MW) for which CEA has cleared its 1st phase (2 × 250 MW). An outlay of Rs. 2100 crores has been kept for this in the 9th plan.
- (b) A Naphtha based power project in West Bengal for which an outlay of Rs. 150 crores has been proposed.
- (c) R&M of Durgapur I & II would be taken up by DVC in the 9th plan for which an outlay of Rs. 450 crores has been proposed. The total outlay for DVC for 9th plan would be Rs. 3450.

One project, Maithan Right Bank TPP (4 × 250) of Damodar Valley Corporation was techno-economically cleared by CEA in November, 1988 at a cost of Rs. 1205.80 crores which had been updated to Rs. 3820 crores (based on price level of 7/96) and the capacity of the Units have been changed to 4 × 250 MW. The revised project report has been submitted to CEA in October, 1995.

Most of the Statutory clearances other than clearance from MOE & F have been received. Commencement of the project has however, been held up due to non-finalisation of funding arrangement.”

63. Asked to furnish a detailed note on the project, Ministry of Power furnished the note detailed below :

“Initially the project was planned to be executed with Soviet assistance under an Indo-Soviet trade agreement. With the reorganisation of the Soviet Union, the credit fell through and the project could not be taken up for implementation. The project was

recommended by the Ministry of Power to the Ministry of Finance for seeking financial assistance from OECF, Japan for the Financial year 1995-96. The OECF Appraisal Mission held a series of discussions with officials of DVC in May, 1995. As a result of these discussions, OECF stated that the proposal could be considered for financial assistance, in case the unit size of the project was upgraded from 4 units of 210 MW to 4 units of 250 MW and engineering study for the project was made. Further, OECF was also willing to provide loan for undertaking engineering study before considering the project for funding. Keeping in view the additional cost of about 12 to 16 crores involved in undertaking the engineering study, the Ministry of Power did not pursue option to avail of OECF assistance for this project. In the meanwhile, DVC has submitted a revised project feasibility report with an estimated cost of Rs. 3353.16 crores to CEA in October 1995 for obtaining a fresh techno-economic clearance. The project was again posed to OECF for funding during the year 1996-97 but OECF did not consider this project for financial assistance.

Meanwhile, various possibilities of implementation of this project through Joint Venture/Private Initiative route were considered. DVC now wants to take up this project for impementation in two phases either at their own or by adopting a Joint venture route with M/s. BSES."

**64. The Committee observe that there is a variation in the figures relating to proposed/likely Ninth Plan Expenditure earmarked for Damodar Valley Corporation (DVC) as furnished by the Ministry. An outlay of Rs. 5350.00 Crores has been proposed for DVC for the Ninth Plan, which is substantially higher than the Eighth Plan outlay of Rs. 1300.00 Crores for the Corporation. However, it has also been stated that an outlay of Rs. 3450.00 Crores could be possible for DVC for the Ninth Plan period and, the proposed Ninth Plan expenditure for Schemes/Projects of DVC during the Plan totals to Rs. 3069.85 Crores. The Committee note that there is a mismatch between the likely Ninth Plan outlay for DVC, and the manner in which this is to be expended on the Projects/Schemes of DVC. The Committee expect the Ministry to furnish the reasons for the variation in the likely outlay and the manner in which this is to be expended.**

65. The Maithon Right Bank TPP (4 × 250MW) of Damodar Valley Corporation has got techno-economic clearance way-back in 1988 at the cost of Rs. 1205.80. The assistance to the project fell through due to reorganisation of Soviet Union. The Committee are unhappy to note that Ministry of Power have not searched any alternative sources of assistance instead they kept it pending for more than seven years. This led to escalation of the project cost from Rs. 1205.80 crores in 1988 to Rs. 3353.16 crores in 1995.

66. The Committee observe that in the year 1995 after discussion with OECF the projet was upgraded from 4 units of 210 MW to 4 units of 250 MW and OECF has agreed to finance the project. However, on learning that an additional cost of about Rs. 12 to Rs. 16 crores would be involved in an engineering study, the Ministry of Power preferred to miss this option despite having no other alternative source of funds at hand. The Committee feel that non acceptance of assistance from OECF was not a wise step in view of the cost and time overruns of the project and non-availability of alternate source of funds. Assistance for the project was once again sought from OECF in the year 1996-97.

67. The latest updated cost of the project is stated to be Rs. 3820 crores (approximate) on the price level of July, 1996 and only Rs. 2100 crores have been proposed for this project in the Ninth Plan Period. The Ministry of Power should explain to the Committee how the project will be implemented with a deficit of about Rs. 1720 crores.

#### VI. Disinvestment Commission

68. In the Economic Survey (1996-97) it has been mentioned that one of the major step for restructuring of PSUs is disinvestment of a part of Government equities in selected public sector undertakings. At present the Government is contemplating restructuring of 40 major PSUs which include NTPC, Power grid and NHPC.

69. Asked about the disinvestment of these PSUs, Secretary, Ministry of Power during oral evidence stated as under :—

“As of now, only NTPC is there and not the PGCL”.

70. The Secretary, Ministry of Power also mentioned during oral evidence that this is done by the Ministry of Finance.

71. The Secretary, Ministry of Power, further stated as under :

“In fact, the Finance Ministry has obtained information and constituted a Committee. This is a decision of the Committee which has been accepted by the Ministry. We are certainly not in the picture.....we have not furnished our recommendations. We have only furnished the information and Ministry of Finance has taken the decision”.

72. In their post-evidence reply, Ministry of Power stated as under :

“40 Public Sector Enterprises including NTPC, Powergrid Corporation and NHPC were referred to Disinvestment Commission by the Government. No specific approval was sought from Ministry of Power for inclusion of these organisations in the list referred to Disinvestment Commission.

The Disinvestment Commission was constituted in August, 1996. The Commission has been interacting with the above said corporations and discussing the issues involved. NTPC, NHPC and Powergrid have not exactly favoured disinvestment for reasons such as low earning ratios and the need for higher funding in power projects in the future”.

73. The Committee are surprised to know that while the PSUs like NTPC, PGCL and NHPC have been selected for disinvestment, the Ministry of Power were not even aware of that the PSUs were going for disinvestment and their views were not sought for. The Committee also note that these PSUs are themselves not in favour of disinvestment. The Committee are of the opinion that as NTPC, Power Grid and NHPC are profit making undertakings these should not be taken up for disinvestment.

## VII. R&M (Phase II) Programme

74. In the Annual Report (1995-96) of Ministry of Power it was mentioned that the R&M (Phase-II) programme covers 210 units of 46 old thermal power stations with aggregated capacity of



21644.00 MW and total latest sanctioned cost of Rs. 2533.00 crores. The expenditure upto March, 1996 as mentioned in the Annual Report (1995-96) was Rs. 597.28 crores. In contrast, Ministry of Power in their Annual Report 1996-97 have mentioned that under this Phase-II R&M programme 44 nos. thermal power stations consisting of 198 nos. thermal units aggregating to a total capacity of 20,869.435 MW are covered. The total sanctioned cost of all the schemes in Rs. 2,383.03 crores. The total expenditure upto March, 1996 is stated to be Rs. 651.12 crores.

75. Asked to explain the discrepancies in the figures given in the two Annual Reports, Ministry of Power in their post evidence reply stated as under :—

“The difference in figures of the R&M programme Phase-II in the Annual Reports for 1995-96 and 1996-97 has been primarily due to two power stations namely Talcher-I and Durgapur Project Limited not being included in the 1996-97 Report. Talcher-I has since been transferred to NTPC by erstwhile OSEB and its R&M is being carried out by NTPC through its internal resources. Durgapur Project Limited is a licensee and under Section 44 does not require techno-economic clearance from CEA. These power stations, thus, have been excluded from R&M Phase II programme. The reconciled figures for R&M programme as mentioned in Annual Report 1996-97 may, thus, be accepted”.

76. In the Annual Report (1995-96) of Ministry of Power it was mentioned that based on the anticipated progress of the ongoing R&M schemes, PFC is likely to disburse about Rs. 135 crores during the year 1996-97. Further PFC has projected to lend/sanction about Rs. 300 crores for R&M Programme during the year 1996-97.

77. The Committee note that the Annual Report (1996-97) of the Ministry of Power indicates the figures relating to target and allocation for R&M (Phase-II) programme which do not reconcile with the figures given in last years Annual Report (1995-96). The Committee were informed that this was due to transfer of Talcher-I to NTPC and non-requirement of CEA clearance in case of Durgapur project Ltd. The Committee failed to understand why the Durgapur project was included earlier in the list of projects for R&M scheme. The Committee observe that the position of these two

projects should also have been highlighted in the Annual Report. The Committee are not satisfied with the reply of the Ministry and seek a clarification on how the two different figures have been under the heading "Total expenditure upto March 1996" relating to R&M (Phase-II) i.e. Rs. 597.28 crore in the Annual Report 1995-96 and Rs. 651.12 crores in Annual Report 1996-97. The achievement regarding disbursement of loans by PFC for this programme should have been highlighted in the Annual Report of 1996-97. The Committee will await a clarification from the Ministry of Power. The Committee trust the Ministry will incorporate all the relevant informations in the documents furnished to the Committee.

NEW DELHI;  
April 25, 1997  
Vaisakha 5, 1919 (Saka)

JAGMOHAN,  
Chairman,  
Standing Committee on Energy.

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS  
OF THE STANDING COMMITTEE ON ENERGY  
CONTAINED IN THE REPORT

Sl. No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3
1.	3	<p>A glance at the Sector-wise distribution of Budgetary support from the year 1994-95 to 1997-98 shows that budgetary allocation for thermal generation has been coming down every year. The Committee note that while the projected target for thermal generation for the year 1997-98 2385 MW the budget allocation has come down to Rs. 772.58 crores in the year 1997-98 from Rs. 1705.84 crores in 1994-95. The likely achievements of thermal generation during the Eighth Plan Period has been shown at 14626 MW against the Eighth Plan target of 20156 MW. The Committee therefore do not find any justification in cutting down of expenditure in generation of thermal power which is a major source of power generation. The Committee also observe that Ministry of Power have gradually cut down budgetary allocation for Transmission and distribution as well as System Improvement (OECF loan). The necessity of funds for this purpose cannot be over emphasised as without proper transmission infrastructure facilities power of surplus area cannot reach the deficit areas. The Committee desire that budgetary allocation for</p>

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these crucial areas should not be reduced and want the Ministry to furnish an explanation for the gradual reduction of allocation for these areas.

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The Committee note that the plant Load factor in case of State sector has constantly been below the national average. The Ministry has informed the Committee about the measures taken by it in this regard namely funding by Power Finance Corporation for Renovation and Modernisation schemes and strengthening of inter-regional links to transfer surplus power from eastern region to other regions. The Committee however regret to observe that despite the two R&M programmes that completed during the 7th Plan Period and 8th Plan Period the PLF in State sectors, are far below national average and the existing assets are not being used optimally. In this context the Committee observe that progress in respect of as many as 16 R&M schemes pertaining to UPSEB, BSEB, WBSEB, ASEB, DVC etc. is very tardy. The Committee recommend that Ministry of Power should assist, guide and ensure flow of funds from all possible sources so that the target of 65% PLF can be achieved by Power stations at State level by the end of Ninth Plan period.

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The Committee regret to note that PLF of Power projects in Eastern and North-Eastern region is far below national average mainly due to lack of system for transmission of power. Thermal

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plants of these regions are compelled to 'back down' for this reason. Due to non-availability of transmission system, 1600 MW off peak and 1000 MW peak power is wasted. The Committee emphasize the need for evacuation of power from eastern region to the scarce areas and expect the Ministry to plan accordingly so that the capacity of existing power plants can be utilised at its optimum level and surplus power of 1600 MW (Off peak) and 1000 MW (peak) be distributed. The Committee would like the Ministry to implement its plan for the national grid expeditiously.

4.

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The Committee observe that demand projection of energy requirement/peak demand for Eastern region has been reduced in the 15th Electric Power Survey (EPS) in comparison to the projection made in the 14th EPS. The Committee would like to be apprised of the basis on which the demand projection has been reduced in the 15th Power Survey.

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The Committee find that one of the reasons advanced for less utilisation of capacity in Eastern and North-Eastern region is low system demand. The Committee also observe that consumption of power in these two regions are far below than the other regions of the country. The Committee therefore, desire that a thorough study should be undertaken to ascertain the cause of low level of demand of

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electricity in these regions and also the need for adequate and effective planning in this area. The Committee also recommend that Ministry of Power should take suitable steps to improve transmission and distribution network.

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The Committee observe that the Eighth plan target for capacity addition was 30538 MW. The achievement is disappointingly low at 16415 MW. The reasons pointed out by the Ministry are slow execution of hydro schemes and shifting of thermal projects from Central and State Sector after the announcement of policy for private sector participation. The Committee note that planned hydel schemes have not been completed due to reasons like delay in award of contract, R&R problems etc. The Committee are unhappy to observe that Ministry have not taken any specific step to solve the problems which could have been foreseen. The Committee desire that the problems faced by different hydel schemes should be solved within a specific time and these problems should not persist over the years leading to huge cost and time over-run.

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The Committee note that the policy to invite private participation in the Power Sector was initiated before the commencement of 8th Plan. The Ministry appears to have envisaged significant progress of generation through private sector. However, the launching of private participation

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appears to have been done without preparation of proper ground work *viz.* power purchase agreements, fuel linkages, documentations, etc. As a result, there has been no major progress in this regard. Moreover, the Committee note that the Ministry of Power have not attempted a suitable correction and they feel that for power sector, Eighth Plan was a failure of anticipation, planning and imagination.

8.

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The Committee observe that Ministry of Power have projected a capacity addition of 57,000 MW with an estimated expenditure of Rs. 228,000 crores during the Ninth Plan period. The Committee desire that Ministry of Power should take all necessary steps to achieve the target set for the Ninth Plan unlike the 8th Plan period which witnessed severe shortfall in achieving the targets. The Committee stress that Ministry of Power should ensure the implementation of projects is Central, State and Private Sector as proposed for the 9th Plan period. The Committee desire that while planning for the 9th Plan investment in infrastructure should be anticipated and taken into account. The Committee would therefore like the Planning Commission and Ministry of Finance to allocate the required funds for the power sector and allied sectors such as mining, surface transport and railways so that the targeted capacity addition can be achieved.

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The Committee regret to note that inspite of their repeated emphasis on

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		<p>the need for a comprehensive fuel policy, Ministry of Power have not taken any concrete step so far. The Committee also observe that the Ministry have proposed capacity addition of about 12,000 MW by way of naphtha based Power Plant without caring for its impact in the form of huge cost which would ultimately be borne by the consumers. The Committee are also surprised to note that no other country has opted for naphtha as fuel for power plants so far. The Committee need hardly stress that while selecting fuel for power plants the interest of ultimate consumers should be kept in mind.</p>
10.	58	<p>The Committee observe that during the year 1996-97, 3000 villages were targeted for electrification and 2.50 lakhs pumpsets were to be energised. So far achievement in this regard is concerned, upto February, 1997 only 1725 villages have been electrified and 2.2 lakhs pumpsets have been energised. Though the Ministry of Power have expressed optimism about achieving the balance targets (electrification of 1275 villages and energising 30,000 pumpsets), the Committee are doubtful about this. The Committee would like to be informed about achievement in this regard and the reasons which have led to the slow progress in achieving the targets for the year.</p>
11.	59	<p>Under the Kutir Jyoti Programme, single point light connection is extended</p>

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free of cost to households below poverty line. The Committee find that in the year 1995-96 against a target of 6.25 lakh connections 5.11 lakh connections were released. However, in the year, 1996-97 against the same target of 6.25 lakh, connections released were only 143741. The explanation given by the Ministry for the shortfall is that unit cost for Kutir Jyoti Programme has been increased from Rs. 400 to Rs. 800 (without meter) and Rs. 1000 (with meter) due to which the target for extending connections has been reduced to 2.8 lakh. The allocation for 1997-98 has remained unchanged at Rs. 25 crores. The Committee understand that the Ministry of Power have taken up the issue of enhancing allocation for the programme with the Planning Commission and Ministry of Finance. The Committee however feel that the target should not have been revised downward and Ministry should have convinced the Ministry of Finance and Planning Commission at the beginning itself to enhance the allocation for 1996-97 proportionately.

12.

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The Committee note that achievement of electrification of tribal villages under TSP and Dalit Bastis under SCP in the year 1996-97 are short of the target set in case of some States. The Committee expect the Ministry of Power to explain the shortfall of target in case of some States and recommend the Ministry to

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reflect the details regarding target and achievement in the Performance Budget itself in future.

13.

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The Committee observe that there is a variation in the figures relating to proposed/likely Ninth Plan expenditure earmarked for Damodar Valley Corporation (DVC) as furnished by the Ministry. An outlay of Rs. 5310.00 crores has been proposed for DVC for the Ninth Plan, which is substantially higher than the Eighth Plan outlay of Rs. 1300.00 crores for the Corporation. However, it has also been stated that an outlay of Rs. 3450.00 crores could be possible for DVC for the Ninth Plan period and, the proposed Ninth Plan expenditure for Schemes/Projects of DVC during the Plan totals to Rs. 3069.85 crores. The Committee note that there is a mismatch between the likely Ninth Plan outlay for DVC, and the manner in which this is to be expended on the Projects/Schemes of DVC. The Committee expect the Ministry to furnish the reasons for the variation in the likely outlay and the manner in which this is to be expended.

14.

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The Maithon Right Bank TPP (4 × 250 MW) of Damodar Valley Corporation has got techno-economic clearance way-back in 1988 at the cost of Rs. 1205.80 crores. The assistance to the project fell through due to reorganisation of Soviet Union. The Committee are unhappy to note that

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		<p>Ministry of Power have not searched any alternative sources of assistance instead they kept it pending for more than seven years. This led to escalation of the project cost from Rs. 1205.80 Crores in 1988 to Rs. 3353.16 Crores in 1995.</p>
15.	66	<p>The Committee observe that in the year 1995 after discussion with OECF the project was upgraded from 4 units of 210 MW to 4 units of 250 MW and OECF had agreed to finance the project. However, on learning that an additional cost of about Rs. 12 to Rs. 16 crores would be involved in an engineering study, the Ministry of Power preferred to miss this option despite having no other alternative source of funds at hand. The Committee feel that non acceptance of assistance from OECF was not a wise step in view of the cost and time overruns of the project and non-availability of alternate source of funds. Assistance for the project was once again sought from OECF in the year 1996-97.</p>
16.	67	<p>The latest updated cost of the project is stated to be Rs. 3820 crores (approximate on the price level of July, 1996 and only Rs. 2100 crores have been proposed for this project in the Ninth Plan Period. The Ministry of Power should explain to the Committee how the project will be implemented with a deficit of about Rs. 1720 crores.</p>
17.	73	<p>The Committee are surprised to know that while the PSUs like NTPC, PGCL</p>

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and NHPC have been selected for disinvestment, the Ministry of Power were not even aware of that the PSUs were going for disinvestment and their views were not sought for. The Committee also note that these PSUs are themselves not in favour of disinvestment. The Committee are of the opinion that as NTPC, Power Grid and NHPC are profit making undertakings these should not be taken up for disinvestment.

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The Committee note that the Annual Report (1996-97) of the Ministry of Power indicates the figures relating to target and allocation for R&M (Phase-II) programme which do not reconcile with the figures given in last years Annual Report (1995-96). The Committee were informed that this was due to transfer of Talcher-I to NTPC and non-requirement of CEA clearance in case of Durgapur project Ltd. The Committee failed to understand why the Durgapur project was included earlier in the list of projects for R&M scheme. The Committee observe that the position of these two projects should also have been highlighted in the Annual Report. The Committee are not satisfied with the reply of the Ministry and seek a clarification on how the two different figures have been under the heading "Total expenditure upto March 1996" relating to R&M (Phase-II) *i.e.* Rs. 597.28 crore in the Annual Report 1995-96 and Rs. 651.12 crores in Annual Report 1996-97. The

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achievement regarding disbursement of loans by PFC for this programme should have been highlighted in the Annual Report of 1996-97. The Committee will await a clarification from the Ministry of Power. The Committee trust the Ministry will incorporate all the relevant informations in the documents furnished to the Committee.

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## ANNEXURE

## Demands for Grants for the Ministry of Power

(Rs. in thousands)

Sl. Major No. Read	Actuals 1995-96		Budget Estimates 1996-97		Revised Estimates 1996-97		Budget Estimates 1997-98		Remarks	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan		
1	2	3	4	5	6	7	8	9	10	11
<b>Demand No. 70</b>										
1.	3451	—	38609	—	35200	—	39100	—	39500	This head comprises items like salaries etc. of Sectt. Ministry of Power.
2.	2801	1276390	4117355	1123100	4475100	1086300	5199900	753100	4495400	This head comprises times like Assessment of small Hydro Electric potential, All India Load Survey Scheme, Renovation & Modernisation of Thermal Power Station, Transmission & Distribution of Rural Electrification Crop.

1	2	3	4	5	6	7	8	9	10	11
										Transmission & Distribution, CEA Salaries, OTA etc. Power System Training Institute, R&D, other expenditure like Salary, OTA etc. Study & Training, organisational development, R&D Cogeneration Cell.
3.	3601	988	—	53000	—	52000	—	10000	—	This head comprises items like grants in aid to State Govts. Central Plan Schemes & Incentive Payment etc.
4.	4801	7140878	—	6076000	—	6532100	—	10646100	—	This head comprises items like Externally Aided Schemes.
5.	6801	16693249	—	18421000	—	17961000	165092000	—	—	Loans for Hydel Thermal Power Projects, Transmission and Distribution of Rural Electrification, Loans to Public Sector and other Undertakings.
6.	7601	33000	55000	—	55000	—	17000	—	—	This head comprises exp. under the charged Head like Loans & Advances to State Govt. Centrally Sponsored Plan Scheme etc.
Total		25144505	4155964	25728100	4510300	25686400	5239000	27935400	4534900	

## PART II

### MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON ENERGY HELD ON 8TH APRIL, 1997 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 11.00 to 13.30 hours.

#### PRESENT

Shri Jagmohan — *Chairman*

#### MEMBERS

*Lok Sabha*

2. Shri Karia Munda
3. Prof. (Smt.) Rita Verma
4. Shri Muni Lal
5. Shri Manoj Kumar Sinha
6. Shri Sriballav Panigrahi
7. Shri Prithviraj D. Chavan
8. Shri Iswar Prasanna Hazarika
9. Shri Sandipan Thorat
10. Shri Ram Kirpal Yadav
11. Shri Anil Basu
12. Shri Haradhan Roy
13. Shri P.R.S. Venkatesan
14. Shri Anand Mohan
15. Shri Chitta Basu



16. Shri Ramendra Kumar
17. Shri M. Rajasekara Murthy
18. Shri S.M. Krishna
19. Shri Ramji Lal
20. Shri Ved Prakash Goyal
21. Shri Lakhiram Agarwal
22. Shri Dipankar Mukherjee
23. Shri Gaya Singh
24. Shri Vizol
25. Smt. Basanti Sarma
26. Shri Rajendra Prasad Mody
27. Shri Rajnath Singh 'Surya'

## SECRETARIAT

1. Shri G.R. Juneja — *Deputy Secretary*
2. Shri A.S. Chera — *Under Secretary*

## WITNESSES

*Ministry of Power*

1. Shri P. Abraham — *Secretary*
2. Shri Pradeep Bajjal — *Additional Secretary*
3. Shri Ajay Dua — *Joint Secretary*
4. Shri S.R. Shivrain — *Joint Secretary & FA*
5. Ms. C.R. Gayathri — *Joint Secretary*
6. Shri J. Vasudevan — *Joint Secretary*
7. Shri P.K. Basu — *Joint Secretary*
8. Shri Rakesh Kacker — *Joint Secretary*

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|-----|----------------------|---|---------------|
| 9.  | Shri M.I. Beg        | — | Chairman, CEA |
| 10. | Shri D.P. Sinha      | — | Member (GO)   |
| 11. | Shri R.N. Srivastava | — | Member (Th)   |
| 12. | Shri G.S. Rajamani   | — | Member (E&C)  |

*Public Sector Undertakings (PSUs)*

- |     |                      |   |                               |
|-----|----------------------|---|-------------------------------|
| 1.  | Shri Rajendra Singh  | — | CMD, NTPC                     |
| 2.  | Shri R.P. Singh      | — | CMD, PGCIL                    |
| 3.  | Shri S.R. Narsimhan  | — | CMD, NHPC                     |
| 4.  | Shri M.L. Gupta      | — | CMD, THDC                     |
| 5.  | Mrs. Rathi Vinay Jha | — | CMD, REC                      |
| 6.  | Dr. Uddesh Kohli     | — | CMD, PFC                      |
| 7.  | Shri Arun Gupta      | — | CMD, NJPC                     |
| 8.  | Shri Badal Sen Gupta | — | CMD, DVC                      |
| 9.  | Shri P.K. Kotoky     | — | CMD, NEEPCO                   |
| 10. | Shri C.P. Jain       | — | Director (F), NTPC            |
| 11. | Shri R. Natarajan    | — | Director (Finance), NHPC      |
| 12. | Shri Adi Narayan     | — | Director (Finance), THDC      |
| 13. | Shri T.N. Thakur     | — | Director (Finance), PFC       |
| 14. | Shri P.P. Mandal     | — | FA, DVC                       |
| 15. | Shri V.B. Saxena     | — | Director (Finance), Powergrid |

2. At the outset, the Chairman, Standing Committee on Energy welcomed the representatives of Ministry of Power to the sitting of the Committee. The Secretary, Ministry of Power gave a brief statement on the subject at the beginning. The Committee then discussed the following points with the representatives of Ministry of Power:—

- (i) Capacity addition during 8th Plan Period;
- (ii) Status of different Power Projects;
- (iii) Plant Load Factor;

- (iv) Ninth Plan Demand Projection of electricity;
- (v) Formation of national grid;
- (vi) Liquid fuel policy;
- (vii) Role of CFA and Electricity Regulatory Commission;
- (viii) Disinvestment of Public Sector Undertaking.

3. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

*The Committee then adjourned.*

EXTRACTS OF MINUTES OF THE FIFTEENTH SITTING OF THE  
STANDING COMMITTEE ON ENERGY HELD ON 19TH APRIL,  
1997 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE  
ANNEXE, NEW DELHI.

The Committee sat from 11.00 to 11.45 hours.

PRESENT

Shri Jagmohan — *Chairman*

MEMBERS

2. Prof. (Smt.) Rita Verma
3. Shri Sriram Chauhan
4. Shri Sriballav Panigrahi
5. Shri Tariq Anwar
6. Shri Iswar Prasanna Hazarika
7. Shri P. Kodanda Ramiah
8. Shri Ram Kirpal Yadav
9. Shri Anand Mohan
10. Shri Prem Singh Chandumajra
11. Shri Chitta Basu
12. Shri Madhavsinh Solanki
13. Shri M. Rajasekara Murthy
14. Shri Ramji Lal
15. Shri Ved Prakash Goyal
16. Shri Rajnath Singh 'Surya'

SECRETARIAT

1. Shri G.R. Juneja — *Deputy Secretary*
2. Shri A.S. Chera — *Under Secretary*

