

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4724

ANSWERED ON:25.04.2008

MODERNISATION TECHNOLOGY UPGRADATION OF POWER SECTOR

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Will the Minister of POWER be pleased to state:

- (a) whether the Government proposes to allow foreign/private-sector participation in modernization and technology upgradation in the power sector;
- (b) if so, the details thereof;
- (c) the role of private and public sectors in this regard; and
- (d) the funds likely to be required for the purpose during the next five years?

Answer

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE & INDUSTRY AND MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI JAIRAM RAMESH)

(a) to (d) : According to the existing policy of the Government, Foreign Direct Investment (FDI) under the automatic route is allowed for power including generation (except atomic energy); transmission, distribution and power trading, subject to the provisions of the Electricity Act, 2003. Ministry of Power had announced the policy guidelines in October, 1995, enabling private sector participation in the renovation and modernization (R&M) of power plants.

R&M programmes are also being implemented through international cooperation, including programmes with the German Government and the World Bank.

The Working Group on Power for the Eleventh Plan has emphasized the introduction of advanced technology in generation, transmission & distribution and encouraging Research & Development consistent with the anticipated power sector growth during the Eleventh Plan. It has also been recommended that major organizations on the generation side should aim at least about 1% of the profit being utilized for Research & Development and those on the manufacturing side should consider 3-4% of the profit to be provided for technology development.

Ministry of Power has taken an initiative in 2006 for facilitating the development of Ultra Mega Power Projects (UMPPs) of about 4000 MW capacity each under tariff based competitive bidding route using supercritical environment-friendly technology. Three UMPPs have been awarded to the private developers at Mundra (Gujarat), Sasan (M.P.) and Krishnapatnam (A.P.), so far.

According to the estimate of the Working Group on Power, the fund requirement in the power sector during Eleventh Plan is Rs.15,875 crores for R&M works and Rs.1,214 crores for Research and Development.