

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2526

ANSWERED ON:12.03.2010

SHORTAGE OF POWER

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Will the Minister of POWER be pleased to state:

- (a) whether the Economic Advisory Council (EAC) while highlighting the shortage of power in the country has called for intervention of both the Union and States Governments in the capacity creation and other supportive components of the power sector;
- (b) if so, the details thereof;
- (c) whether the EAC has also recommended for encouragement to the private sector in the power business and diversifying fuel sources;
- (d) if so, the details of the steps taken by the Government in this regard and the response of the private sector thereto; and
- (e) the other steps being taken or proposed to be taken by the Government to meet the shortage of power in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a) to (c): The Economic Advisory Council to the Prime Minister (EAC) has mentioned in the 'Economic Outlook for 2009-10' brought out by the EAC in October, 2009 that without a high order of government intervention in capacity creation and other supportive components in the electricity business, it will not be possible to make the necessary improvements in the electricity sector, which is so vital for the economy to maintain a high rate of growth of 8 to 9 percent. It also states that it is equally important to facilitate and encourage more private investment in power generation. Most of the capacity now being executed, or in an advanced stage of planning, is coal based. The EAC states in the Economic Outlook that fuel sources should be diversified, particularly with respect to natural gas, using both domestic and imported natural gas, Liquefied Natural Gas, and develop more nuclear power plants.

(d) & (e): Several measures have been initiated by the Government to address the issue of power shortage and facilitate private investment in the power sector. These include 100% FDI on automatic route in respect of projects relating to electricity generation, transmission and distribution; close and comprehensive monitoring of power projects under construction; initiative for facilitating the development of Ultra Mega Power Projects of about 4000 MW capacity each under the tariff based competitive bidding route using super critical technology; institution of an award scheme for early completion of power projects; stress on augmentation of manufacturing capacity of Bharat Heavy Electricals Limited, and liberalization of Mega Power Policy.

Private Sector has responded to these initiatives and projects amounting to 19797 MW capacity in the private sector are likely to be commissioned with a 'high level of certainty' during the Eleventh Plan period. Out of this, projects with 5290 MW capacity in the private sector have been commissioned so far and balance 14507 MW capacity is likely to be commissioned in the remaining period of Eleventh Plan.