

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2271
ANSWERED ON:06.08.2010
PROCUREMENT OF POWER EQUIPMENT
Dhruvanarayana Shri R.

Will the Minister of POWER be pleased to state:

- (a) whether the Power Grid Corporation of India Limited (PGCIL) and the National Thermal Power Corporation Limited (NTPC) have taken a decision to restrict their procurement of transmission and generation equipment only from companies having domestic manufacturing facilities;
- (b) if so, the details thereof;
- (c) whether the domestic power equipment sector has adequate capacity to handle the power equipment demand through indigenous production in order to achieve the power generation capacity of 78,000 MW during the Eleventh Five Year Plan and another 1,00,000 MW during the Twelfth Plan;
- (d) if so, the details thereof; and
- (e) the corrective measures taken by the Government in this regard?

Answer

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

(a) & (b) : There is no decision on part of NTPC to restrict the procurement of generation equipment to bidders with domestic manufacturing facility. NTPC prescribes a set of qualifying requirements which has to be met by all prospective bidders in all its International Competitive Bids.

However, in case of Bulk Tendering for eleven (nine of NTPC and two of DVC) 660 MW units, for which bids have been invited in line with applicable guidelines approved by Government of India, bidding documents stipulate that successful bidders have to set up manufacturing facility in India for manufacturing of Boiler/Turbine in accordance with Phased Manufacturing Programme elaborated in bidding documents. This has been done to provide initial orders to indigenous manufacturers of supercritical units in the country viz., Bharat Heavy Electricals Limited (BHEL) and new Joint Ventures which are being set up for manufacture of supercritical steam generators and turbine generators in the country. This will promote indigenous manufacturing of supercritical equipment considered necessary to support large scale induction of supercritical units.

The Central Electricity Authority (CEA) has also issued an advisory to all the Central and State power sector utilities to consider incorporation of the condition of setting up phased indigenous manufacturing facilities in the bids to be invited till 2012 for boilers and turbine generators of super-critical projects.

In so far as Power Grid Corporation of India Ltd. (PGCIL) is concerned, no in-principle decision has been taken to confine the procurement of its transmission equipment from bidders with domestic manufacturing facility only. For procurement of equipment for transmission lines and substations, PGCIL opts for domestic bidding and international competitive bidding (ICB), depending upon the technology, indigenous capability, funding requirement, etc.

Only in case of 765 kV Transformers and Reactors, which are procured under ICB, a decision has been taken to qualify foreign equipment manufacturers who opt to bid as a sole bidder, they are required to establish manufacturing facilities as their subsidiary or a joint venture company in India, to supply a part of quantity from Indian facility. This is considered prudent from the view point of long term service support and to encourage technology transfer and development of production capacity in India, which is essential considering a very large number of such equipment are to be procured during 11th and 12th Plan towards strengthening of inter-state transmission system and National Grid.

(c) to (e) : Equipment for total generation capacity envisaged for 11th & 12th Plan is being supplied by domestic manufacturers as well as International manufacturers. Moreover, Government has taken several steps to enhance domestic manufacturing capacity of power equipment. These include augmentation of BHEL manufacturing capacity to deliver 20,000 MW of power equipment per annum by March, 2012 depending upon market conditions and formation of several joint ventures to manufacture supercritical boilers and turbine-generators in the country.