

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4019
ANSWERED ON:03.12.2010
INVESTMENT IN POWER SECTOR
Botcha Lakshmi Smt. Jhansi

Will the Minister of POWER be pleased to state:

- (a) whether the Government proposes to bring more public offers in the Public Sector Undertakings (PSUs) under the administrative control of the Ministry of Power;
- (b) if so, the details of all such PSUs and the quantum of public shares proposed to be issued PSU-wise;
- (c) whether private players are also being encouraged to invest in power sector to meet the increasing demand of power in the country; and
- (d) if so, the details in this regard?

Answer

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

(a) & (b) : It is under consideration of the Government to bring public offer of Power Finance Corporation Limited. Its details and quantum of public shares would be decided after consulting the concerned Ministries/Departments and approval of the Cabinet.

(c) & (d) : The stipulations under Sections 7, 8, 9, and 63 of the Electricity Act, 2003 have provided impetus to the participation of private sector in generation and transmission. Provision of open access and tariff framework under tariff Policy has been put in place to create an enabling environment for the private investors.

Some of the prominent policies which have boosted the private players` confidence in the sector include National Electricity Policy, Ultra Mega Power Project initiative, Mega Power Policy, Tariff Policy, New Hydro Policy 2008 and issuance of Standard Bidding Documents for procurement of power (both Case-I & II) and transmission.

100% foreign equity is permitted through automatic approval route (RBI route) in generation, transmission and distribution. Further, trading in power sector is also permitted without any upper ceiling on the quantum of investment.