

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:812
ANSWERED ON:25.11.2011
IMPORT DUTY ON POWER EQUIPMENT
Singh Shri Jagada Nand

Will the Minister of POWER be pleased to state:

- (a) whether there is any plan to establish power plants on large scale in future in view of the increasing demand of power;
- (b) if so, the details thereof;
- (c) whether the companies have been provided exemption from import duty on equipment needed for the power plants;
- (d) if so, the details thereof; and
- (e) the likely impact of such decision on power equipment manufacturing companies?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

- (a) to (b): Working Group on power has been constituted by the Planning Commission to formulate the 12th Five Year Plan for the Power Sector, including the details of new power plants in the country for likely benefits during 12th Plan.
- (c) to (e): Power projects which qualify the mega power policy get the following concessions/benefits on import of equipment:
 - (i) Zero Customs Duty for the import of capital equipment
 - (ii) Under Chapter 8 of the Foreign Trade Policy (FTP), deemed export benefits are available to domestic bidders for projects both under public and private sector on following the stipulations prescribed therein.
 - (iii) In addition, the income-tax holiday regime as detailed in section 80-IA of the Income Tax Act, 1961 can also be availed

As some of these projects are in the Central and State Sectors who have placed orders for main plant equipment mainly with BHEL, mega policy has also benefited the domestic power equipment manufacturers.