

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1762

ANSWERED ON:23.03.2012

IMPORT DUTY ON POWER EQUIPMENT

Dhruvanarayana Shri R. ;Shankar Alias Kushal Tiwari Shri Bhisma;Yadav Shri Arun Subhashchandra

Will the Minister of POWER be pleased to state:

- (a) the details of steps taken by the Government for reducing the cost of power equipment used for various power projects including Ultra Mega Power Projects (UMPPs) in the country;
- (b) whether a Committee has been constituted to look into the proposal to impose import duty on power equipment for various power projects in the country;
- (c) if so, the recommendations of the Committee on the matter;
- (d) the action taken by the Government on the recommendation, if any, of the Committee; and
- (e) the extent to which the domestic power equipment manufacturers including Bharat Heavy Electricals Limited has been adversely impacted due to cheap import by power producers?

Answer

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

- (a) : Mega Power Policy which provides zero custom duty on eligible power projects has resulted in reducing the cost of power equipment used for various power projects including Ultra Mega Power Projects.
- (b) & (c) : A Committee was set up under Member (Industry), Planning Commission (Maira Committee) 'to suggest options and modalities to take care of the disadvantages suffered by the domestic industry related to power sector'. The Committee had made recommendation for levy of Custom duty @ 10%, additional custom duty - 'NIL' and Special Additional Duty (SAD) @ 4% on import of equipment for Mega and Ultra Mega Power projects to offset the disadvantages suffered by domestic manufacturers.
- (d) : No decision has been taken as yet.
- (e) : Department of Heavy Industry have informed that import of cheaper power equipment by power producers has been resulting into loss of business to the domestic power equipment manufacturers including BHEL. This may also result in under-utilization of domestic equipment manufacturing capacity.