

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:3678
ANSWERED ON:26.04.2012
COMPETITION FACED BY BHEL
Pakkirappa Shri S.

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether Bharat Heavy Electricals Ltd., (BHEL) is facing competition from China and other countries in the core area of the equipments required for power plants as well as in other areas;
- (b) if so, the steps taken by BHEL to meet the challenges posed by China and other countries;
- (c) whether BHEL had requested the Government to provide a level playing field in areas where Chinese products enjoyed a favorable treatment, on being exported to India, as against BHEL products; and
- (d) if so, the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

- (a): Yes Madam.
 - (b): Constant endeavour is made by Bharat Heavy Electricals Limited (BHEL) to meet the competition from main power plant equipment suppliers from other countries, especially from China, by:
 - (i) Offering state-of-the-art technology through tie-ups with global leaders / in-house R&D efforts;
 - (ii) Manufacturing and supplying products with higher efficiencies and optimized designs suiting the local conditions and required coal specifications;
 - (iii) Enhancing manufacturing capacity/ capability to deliver main power plant equipment;
 - (iv) Undertaking capability building measures
 - (v) offering in addition to standard conventional sets, a wide variety of new range of sub-critical sets of 150 MW, 270 MW, 525 MW and 600 MW ratings, and also supercritical sets of 660 MW, 700 MW and 800 MW ratings so as to offer diverse and versatile choice to customers;
 - (vi) augmentation of manpower through recruitment of over 20,000 people during the 11th Plan period.
 - (c): Yes Madam. BHEL, along with other domestic suppliers, has been highlighting the need for having in place suitable measures to provide a level playing field to the domestic power equipment manufacturing industry. These measures are sought not as protection, but to offset the disadvantages suffered by the domestic manufacturers vis-à-vis imports from foreign manufacturers.
 - (d): During 2009-10, the Government had set up a Committee under the Chairmanship of Member (Industry), Planning Commission (Arun Maira Committee) "to suggest options and modalities to take care of the disadvantages suffered by the domestic industry related to power sector keeping all factors in view". The Committee, in its February 2010 report, had inter-alia recommended levy of Custom duty @ 10%, additional custom duty- 'Nil' and (Special additional duty) SAD @ 4% to bridge the disadvantage of about 14% suffered by the domestic industry vis-à-vis foreign suppliers for both the projects covered under Mega Power Projects/ Ultra Mega Power Projects (UMPPs). Consequential adjustments in duty rates applicable for brown-field (expansion) projects, to bring duty structure at par to Mega Power projects, will also apply.
- The recommendations of the Committee for providing a level playing field to domestic power equipment manufacturing industry are actively in process of implementation in Ministry of Power.