

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

UNSTARRED QUESTION NO:6743

ANSWERED ON:17.05.2012

CANCELLATION OF POWER EQUIPMENT ORDERS

Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Gawali Patil Smt. Bhavana Pundlikrao ;Paranjpe Shri Anand Prakash

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

- (a) whether certain power companies have cancelled equipment orders worth crores of rupees in the past few months leaving domestic equipment suppliers in distress;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) the impact of the decision of power companies on the financial position of domestic equipment suppliers;
- (d) whether the Government has made any assessment in this regard; and
- (e) if so, the details thereof alongwith other steps taken or proposed to be taken by the Government to provide help to domestic equipment suppliers in the country?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a): Yes Madam, certain power companies/project developers have cancelled equipment orders in the past few months.

(b): The details are given at Annexure.

(c): The country has been adding manufacturing capacities with huge investments in power equipment sector, both in BHEL as well as in private Sector.

In the current shrunken domestic power market scenario where very few orders have been finalized during 2011-12 by the power utilities/developers due to uncertainties mainly associated with fuel linkages/environment clearances/ land and water availability, the cancellation of existing orders places additional strain on capacity utilization of the domestic equipment manufacturing companies, impacting growth & profitability.

(d) & (e): Department of Heavy Industry has been in touch with the stakeholders and the Departments concerned to encourage the domestic electrical equipment sector as also to provide a level playing field to them.

In order to facilitate large power generation capacity addition programme currently under implementation, indigenous manufacturing of supercritical power equipment is being encouraged. With a view to encouraging supercritical units, bulk orders for National Thermal Power Corporation (NTPC) and Damodar Valley Corporation (DVC) have been approved by the Government. These bulk order have mandatory stipulation of pre-agreed Phased Domestic Manufacturing Programme

(PMP). Further, with a view to support indigenous manufacturers of thermal power plants based on supercritical technology, Central Electricity Authority has advised Central/State sector power generating companies/utilities to adopt PMP condition in the bids to be invited till October 2012 for super-critical boilers and turbine-generators.

Annexure

Annexure Referred to in reply to part (b) of Lok Sabha Un-Starred Question No. 6743 for 17.05.2012

Details of utility power projects along with reasons for cancellation of power equipment orders in the past few months.

Utility/Project	Power BHEL	Scope of Order	value Order	cancellation	Reason for cancellation	Developer work	Project (Rs. Crore)	in Month/year	cited by the Utility/ Project Developer
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Pipavav Energy	2x600 MW Boiler	& 2487	October 2011	Land acquisition	issue private Limited	Pipavav Thermal Turbine			
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(PEPL)	Power Station	Generato	package with C&I						
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Ideal Energy	Unit #2 of Boiler	& 664	November 2011	Environmental clearance	and Projects Limited	2x270 MW Turbine	Coal linkage		
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not received

(IEPL) Bela Thermal Generator Power Plant package with Electrical equipment and C&I

Shrishti 2x270 MW Boiler & 1257.6 December 2011 Non-availability of required Infrastructure IPP in West Turbine land for the project
Development Company Bengal Generator Limited (SIDCL) package