

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:3248

ANSWERED ON:31.08.2012

FOREIGN COMPANIES IN POWER SECTOR

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**Will the Minister of POWER be pleased to state:**

- (a) whether the Government proposes to stress the need for exuding more confidence in foreign investors with regard to power sector;
- (b) if so, the details thereof;
- (c) whether the Government has been making efforts to attract more foreign investors or giving them special packages for investment in power sector; and
- (d) if so, the details thereof along with the names of foreign companies working in the power sector in the country and the States they are working in?

**Answer**

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

(a) to (c) : As per extant policy, Foreign Direct Investment (FDI) up to 100% is permitted in the power sector, under the automatic route, for:

- i) Generation and transmission of electric energy produced in hydro electric, coal/lignite based thermal, oil based thermal and gas based thermal power plants;
- ii) Non-Conventional Energy Generation and Distribution;
- iii) Distribution of elective energy to households, industrial, commercial and other users; and
- iv) Power Trading.

Accordingly, any foreign investor can enter power sector through FDI route. Moreover, the Electricity Act creates a conducive environment for investments in all segments of the industry, both for public sector and private sector, by removing barrier to entry in different segments. Section 63 of the Act provides for determination of tariff by competitive bidding process which will encourage private sector investment.

(d) : Several global power plant equipment manufacturing companies from Japan, Europe and USA have formed Joint Ventures with Indian Companies for establishing manufacturing base in India for the manufacture of supercritical boilers/ turbine generators and technology transfer. The companies are Mitsubishi Heavy Industries Ltd., Japan with L&T at Gujarat; Hitachi, Japan with BGR at Tamil Nadu; Toshiba, Japan with JSW at Tamil Nadu; Alstom, France with Bharat Forge at Gujarat; AnsaldoCaldie, Italy with Gammon at Tamil Nadu; Babcock & Wilcox, USA with Thermax at Maharashtra; Hitachi Power Europe GmbH (Germany) with BGR at Tamil Nadu. Doosan, Korea (100% FDI) has come to establish its manufacturing facilities on their own strength in Tamil Nadu. CLP Holdings, Hong Kong has established power plant of 1320 MW at JhajjarHaryana and AES Corporation, USA has established Orissa Power Generation Corporation Ltd. for a thermal power plant of 420 MW at Orissa.