

11

STANDING COMMITTEE  
ON ENERGY  
(2001)

THIRTEENTH LOK SABHA

MINISTRY OF NON-CONVENTIONAL  
ENERGY SOURCES

DEMANDS FOR GRANTS  
(2000-2001)

*[Action taken by the Government on the Recommendations contained in the  
Second Report of the Standing Committee on Energy (Thirteenth Lok Sabha)]*

ELEVENTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

*February, 2001/Magha, 1922 (Saka)*

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
CHAPTER I Report .....	1
CHAPTER II Recommendations/Observations that have been accepted by the Government .....	12
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies .....	28
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee .....	29
CHAPTER V Recommendations/Observations in respect of which final replies of Government are still awaited. ....	31

### ANNEXURES

I. Minutes of the First Sitting of the Standing Committee on Energy (2000-2001) held on 25th January, 2001. ....	34
II. Analysis of Action Taken by the Government on the Recommendations contained in the Second Report of the Standing Committee on Energy (Thirteenth Lok Sabha) .....	36

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY

(2001)

Shri Sontosh Mohan Dev — *Chairman*

MEMBERS

Lok Sabha

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3. Shri Prasanna Acharya
4. Shri Prakash Yashwant Ambedkar
5. Shri Rajbhar Babban
6. Shri Vijayendra Pal Singh Badnore
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23. Shri Harpal Singh Sathi
24. Shri B. Satyanarayana
25. Shri Chandra Pratap Singh
26. Shri Tilakdhari Prasad Singh
27. Shri Manoj Sinha
28. Shri Ramji Lal Suman
29. Prof. Ummareddy Venkateswarlu
30. Vacant

SONTOSH MOHAN DEV,  
*Chairman,*  
*Standing Committee on Energy.*

*Rajya Sabha*

31. Shri Lakhiram Agarwal
32. Shri Gandhi Azad
33. Shri Santosh Bagrodia
34. Shri Brahamakumar Bhatt
35. Shri Dara Singh Chauhan
36. Shri Manohar Kant Dhyani
37. Shri R.P. Goenka
38. Shri Vedprakash P. Goyal
39. Shri Rama Shanker Kaushik
40. Shri Aimaduddin Ahmad Khan (Durrui)
41. Shri B.J. Panda
42. Shri V.V. Raghavan
43. Dr. Akhtar Hasan Rizvi
44. Shri Ramamuni Reddy Sirigireddy
45. Ven'ble Dhamma Viriyo

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri P.K. Bhandari — *Deputy Secretary*
3. Shri R.S. Kambo — *Under Secretary*
4. Shri N.K. Jha — *Senior Committee Assistant*

## INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Eleventh Report (Thirteenth Lok Sabha) on the Action Taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (Thirteenth Lok Sabha) on "Demands for Grants (2000-2001) of the Ministry of Non-Conventional Energy Sources".

2. The Second Report (Thirteenth Lok Sabha) of the Standing Committee on Energy was presented to Lok Sabha on 18th April, 2000. Replies of the Government to all the recommendations contained in the Report were received on 1st September, 2000.

3. The Standing Committee on Energy (2001) considered and adopted this Report at their sitting held on 25th January, 2001.

4. An analysis of the Action Taken by the Government on the recommendations contained in the Second Report (Thirteenth Lok Sabha) of the Committee is given at Annexure-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI; No. 1  
February 7, 2001  
Magha 18, 1922 (Saka)

SONTOSH MOHAN DEV,  
Chairman,  
Standing Committee on Energy.

## CHAPTER I

### REPORT

The Report of the Committee deals with the Action Taken by the Government on the recommendations contained in the Second Report (Thirteenth Lok Sabha) of the Standing Committee on Energy on "Demands for Grants (2000-2001) of the Ministry of Non-Conventional Energy Sources" which was presented to Lok Sabha on 18th April, 2000.

2. Action Taken Notes have been received from the Government in respect of all the recommendations contained in the Report. These have been categorised as follows:—

(i) Recommendations/Observations that have been accepted by the Government:

Sl. Nos. 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17 and 18

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies: Nil

(iii) Recommendations/Observations in respect of which reply of the Government has not been accepted by the Committee: Sl. No. 1

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:

Sl Nos. 5, 13 and 19

3. The Committee desire that final reply in respect of the recommendation for which only interim reply have been given by the Government should be furnished to the Committee at the earliest.

4. The Committee will now deal with the Action Taken by the Government on some of their recommendations/observations.

## I. Budgetary Allocation

### Recommendation (Sl. No. 1, Para No. 2.22)

5. The Committee had observed that there was mismatch between allocation of funds and their utilisation. For the year 1999-2000, the major reasons attributed for under utilisation of Budgeted funds were non-utilisation of IDA line of credit on account delay in completion of post-project sanction formalities, inadequate and delayed supply from equipment manufacturers and dropping of project in Solar Photovoltaic (SPV) Sector by the borrowers. Further there was reduction in SDC grant due to reassessment of external assistance depending on utilization by Indian Renewable Energy Development Agency/ reimbursement by the World Bank. The Committee, expressed their anguish over under-utilisation of Budgeted amounts, had desired that the reasons for delay in completion of post-sanction formalities, inadequate and delayed supply from equipment manufacturers and dropping of projects in SPV Sector by borrowers might be gone into and corrective steps taken.

6. The Ministry of Non-Conventional Energy Sources in their reply have stated that the delay in post-sanction formalities is due to the requirement of compliance by the borrowers with legal documentation, mobilization of equity for commencing the project etc. As regards legal documentation, IREDA has been constantly simplifying the documentation requirements. Follow up with borrowers to expedite mobilization of equity is being undertaken by IREDA.

7. The Committee are unhappy to note that under-utilisation of budgeted amount in MNES is still unabated. On the one hand, it has been proposed that 10% of the total power generated is to be drawn from Non-Conventional Energy Sources and on the other, whatever meagre amount is received by the Ministry, they have failed to utilise. The Committee are constrained to note that the reasons adduced by Ministry of Non-Conventional Energy Sources for under-utilisation of funds are purely administrative in nature. It clearly demonstrates lack of foresight on the part of Ministry of Non-Conventional Energy Sources and failure of Budgetary mechanism in the Ministry.

8. The Committee find that the Government have neither examined the reasons for non-utilisation of IDA line of credit properly nor have they taken any corrective steps in regard to inadequate and delayed supply from equipment manufacturers and dropping of Solar Photovoltaic (SPV) projects in midway by the borrowers. The Committee, therefore, reiterate their earlier recommendation and desire that the Government should examine the reasons for non-utilisation of IDA line of credit under external aided projects and take necessary corrective steps in this regard. The Committee also desire that post-sanction formalities should be made more simple, so that there is no occasion for under-utilisation of funds.

9. The Committee would like to emphasise that in order to exercise control over cases of inadequate and delayed supplies, the Supply Order document should include a definite clause in the form of 'Liquidated Damages' to tackle the cases of delayed/inadequate/inferior quality. The damages imposed should be based on the extent of deviation from the contracted supply. In the event of inordinate delay/inadequate supplies/supply of inferior quality, the Supply Order on the firm should be cancelled after due notice and risk purchase actions be initiated under the relevant rules and regulations.

## II. Training Programme

### Recommendation (Sl. No. 2, Para No. 2.23)

10. The Committee had felt that the Ministry should make all out efforts to check the Non-Plan expenditure and at the same time make a realistic assessment of their requirement of Non-Plan funds. Though the administrative expenditure of the Ministry had increased over the years, an important component of Non-Plan expenditure *viz.* training had not been given its due importance and the amount allocated for the purpose had remained unutilised. The Committee had felt that the staff engaged in the field of non-conventional energy sources should be given proper training to keep them abreast with the latest technologies in the field. It should also be ensured that the person given training are assigned duties in the field of their training.



11. The Government in their reply have informed that the Ministry is making efforts to check Non-Plan expenditure and is also making realistic assessments of the requirements under Non-Plan through periodical reviews as well as monitoring of the expenditure. A separate scheme for HRD and training has been started by the Ministry from 1999-2000 for the technical and non-technical staff of the Ministry. Officers of the Ministry are being sent for training both in India and abroad to keep them abreast with the latest technologies in the field, in keeping with the recommendations of the Standing Committee.

12. The Committee are happy to note that Ministry of Non-Conventional Energy Sources have started a separate scheme for HRD and Training from 1999-2000 under which technical and non-technical staff of the Ministry is to be imparted training both in India and abroad. Needless to say the training is an important and integral part of HRD initiative whose role should not be underestimated but given due recognition. The Committee would like to emphasise that training would be complete and fruitful only when it has been properly targeted and personnel trained are assigned duties in the field in which they have been imparted training. The Committee, therefore, recommend that a minimum two years, work tenure be prescribed for a trainee, who has undergone training in the relevant discipline. Failure to observe such a condition should bar an individual/association/agency/organisation to undertake any future Training Programme conducted by Ministry of Non-Conventional Energy Sources or sponsored by them.

### III. Funding of Non-Conventional Energy Sources Programmes

#### Recommendation (Sl. No. 6, Para No. 2.27)

13. The Committee had recommended that the Union Government should advise the State Governments to make adequate financial allocations while formulating their Annual Plan and also ensure that funds had not been diverted to other sectors. The Committee had also been informed that construction of Common Gobargas Plants, Non-Conventional Energy Systems/Devices for community use and related activity could be funded through the MPLAD Scheme. The Committee, therefore, had desired that the Ministry should tap funds under these schemes to meet the resources gap so that Non-Conventional Energy Projects might not starved of funds.

14. The Government in their reply have informed that all the State Governments implementing departments/agencies were advised to make adequate financial allocations while formulating the Annual Plan and ensure that the funds are not diverted to other sectors and should be utilised only for Non-Conventional Energy Programmes. State Governments were also requested to contact Members of Parliament for undertaking community oriented renewable energy systems/devices and avail financial support under MPLAD scheme.

15. The Committee are happy to note that the Union Government have taken up the matter with the State Governments to ensure adequate financial allocations alongwith the proper utilisation of the allocated funds for the various New and Renewable Source of Energy Projects. Further, the State Governments have been requested to avail the financial support under MPLAD Scheme. The Committee desire that such Non-Conventional Energy Projects be given due preference when the Members of Parliament are willing to contribute towards the cost of projects from their M.P.L.A.D. funds. The possibility of getting these projects executed through N.G.Os or Village Panchayats should also be examined as the present system of getting these done through SEBs is not very successful due to lack of interest of SEBs in such projects and their poor financial health. The Committee would like the Government to monitor the position closely and apprise them of final outcome of the various efforts made up by the State Governments in this regard. At a time when importance of renewal energy sources, abundantly available in the country, is growing due to three fold increase in the bill of the imported oil, the allocations for the Ministry should be enhanced suitably.

#### IV. Association of Navratnas and Mini-Navratnas

##### Recommendation (Sl. No. 7, Para No. 2.28)

16. The Committee had observed that most of the State Governments were not having specialized institutions, associations, leading NGOs, grass-root entrepreneurs, etc. capable of implementing the Non-Conventional Energy projects efficiently resulting in cost/time overruns. Moreover, some of the State Governments/Agencies did not have district Cells/Organizations, responsible for implementation of New and Renewable Sources of Energy (NRSE) projects. In the opinion of the Committee, State Governments should associate Public Sector Undertakings—Navratnas & Mini Navratnas in the implementation of such projects, so that their expertise is made available to them.

17. The Government in their reply have informed that the State Government Departments/Agencies were requested to associate public sector undertakings—Navratnas and Mini Navratnas in the implementation of various non-conventional energy project as recommended by the Standing Committee during the Annual Renewable Energy Conference held on 23rd-24th May, 2000. For accelerating the pace of implementation, the Ministry have been allocating direct targets under solar photovoltaic, biogas and improved chulha programmes to selected NGOs which good track records and also to central public sector undertakings. Bharat Electronics Limited (BEL), Bharat Heavy Electrical Limited (BHEL), Central Electronics Limited (CEL) have been associated with the implementation of solar photovoltaic programmes.

18. The Committee have noted the various efforts made by the Ministry of Non-Conventional Energy Sources to associate Public Sector Units—Navratnas & Mini Navratnas—in the implementation of Solar Photovoltaic, biogas and improved chulhas Programmes only. The Committee are happy to learn that BEL, BHEL and CEL have been associated with the implementation of SPV programme. The Committee desire that Government should monitor the progress of these PSUs in the field of SPV. Further, efforts should also be made to associate other PSUs in the other programmes of MNES and the Committee apprised of the outcome thereof.

#### V. Development of Infrastructure facilities

##### Recommendation (Sl. No. 8, Para No. 2.29)

19. The Committee had observed that lack of suitable infrastructure facilities such as sub-station, transformers, etc., to evacuate power generated from decentralized energy sources, approach road and other basic minimum facilities like water supply etc., had been acting as major impediments in the execution of New and Renewable Sources of Energy (NRSE) Projects. The Committee had desired that the Union Government should take up the matter with the State Governments for creating suitable infrastructure facilities required for implementation of such projects and the follow-up action taken by the State Governments in this regard might be intimated to the Committee within 6 months after the presentation of the Report.

20. The Government in their reply have stated that the matter was taken up with the State Governments for creating suitable infrastructure facilities required for implementation of new and renewable energy sources power generation projects in the Annual Renewable Energy Conference organised by the Ministry on 23rd & 24th May, 2000 and State Governments have been requested to adopt area-based approach to resource planning and implementation instead of project based approach. They have also been requested that access, land, power evacuation etc. be developed and made available to investors and developers at the time of inviting proposals for such areas.

21. The Committee are aware that the Ministry of Non-Conventional Energy Sources was set up so as to provide exclusive mechanism for promoting renewable energy sources, since getting a renewable energy project off the ground involve not merely technical expertise but also called for a lot of administrative support by way of getting clearances at various levels, providing financial assistance, promoting public awareness, bringing attitudinal changes and motivating implementing agencies. The Committee regret to note that of late there has been a tendency on the part of the Ministry to draw solace by proclaiming that Non-Conventional Energy Programme and Policies are implemented by the respective State Governments/Union Territories. It appears that Ministry of Non-Conventional Energy Sources have even failed to undertake planning and coordination of Non-conversions Energy projects. The Committee, therefore, recommend that the Ministry should take pro-active role so that State Governments are enthused to take up Non-Conventional Energy Projects in a big way. The Committee would also like the Government to monitor the position of undertaking Non-Conventional Energy Projects by the States closely. A computerised data bank should be set up and linked with the State agencies to give a fillip to the Non-Conventional Energy Sources. The Committee also desire that a national long term policy on development of Non-Conventional Energy Sources should be laid down.

## VI. New and Renewable Sources of Energy for North-Eastern Region including Sikkim

### Recommendation (Sl. No. 11, Para No. 2.35)

22. The Committee had observed that the Ministry had allocated 10% of the Plan budget for development of North-Eastern Region including Sikkim during 9th Five Year Plan, to take up major Non-Conventional Energy programmes like biogas, improved chulhas and solar photovoltaic programmes. A lump sum provision of Rs. 44.00 crore had been made in the Ministry's budget for the ensuing financial year *i.e.*, in 2000-2001. Keeping in view the facts that most of the Non-Renewable Energy Programme in the North-Eastern Region including Sikkim suffered due to either under or non-utilization of allocated funds, the Committee, therefore, had recommended that the Government should encourage the States to accord top priority to the Non-Renewable Energy schemes with their respective matching funds.

23. The Government in their reply have informed that a team of officers set up by the Ministry to formulate a strategy for achieving a quantum jump in the level of activity in the renewable energy sector in the North-East Region and to assess the problems of projects formulation and implementation, visited Arunachal Pradesh, Nagaland, Mizoram, Meghalaya and Assam during April-May, 2000. As per recommendations of the Committee the proposal for providing 90% Central Financial Assistance and 10% share by the State Governments of NE States has been taken up with Planning Commission.

24. Despite ample potentialities of different New and Renewable Sources of Energy in the North-Eastern Region States, including Sikkim, and assured allocation of fund *i.e.* 10% of the Plan budget for the development of North-Eastern Region, including Sikkim, during Ninth Five Year Plan, harnessing of different NRSEs potentialities has not gained momentum. The Committee concur with the views of the Government that for the expeditious promotion of Non-Conventional Energy Sources in North-Eastern States, including Sikkim, 90% grant and 10% loan, should be implemented at the earliest. At the same time, the Committee desire that Central Government should continue to encourage these States, for according priority to Non-Renewable Energy Schemes.

## VII. National Project on Biogas Development

### Recommendation (Sl. No. 12, Para No. 2.50)

25. The Committee during the course of their discussion had recognized the inability on the part of State Governments of providing matching contributions for the NPBD Programme, due to their precarious financial health. The Committee had further noted that resource gap, to a large extent, can be met through MPLAD scheme, as construction of common gobar gas plants, non-conventional energy systems/devices for community use and related activities, are permissible under this scheme. The Committee, therefore, had recommended that an agency should be identified through which such funds could be channelised. Such an agency should also be entrusted with the responsibilities of operation and maintenance work, on the expiry of the warranty period.

26. The Government in their reply have informed that the State Nodal Departments and Programme Implementing Agencies were requested during the Annual Renewable Energy Conference organized at New Delhi on 23rd & 24th May, 2000 to contact Members of Parliament for undertaking construction of community toilet-cum-biogas plants and other non-conventional energy systems/devices for community use by availing financial support under MPLAD Scheme. Efforts are also being made to involve NGOs and trained entrepreneurs for undertaking not only construction of community toilet-cum-biogas plant on turn-key basis but also be entrusted with the responsibilities of operation and maintenance of such complexes on annual maintenance contract basis after the expiry of warranty period. A beginning has already been made in this regard in Maharashtra and M.P.

27. The Committee would like to be apprised of the follow-up action taken by the State Nodal Agencies and Programme implementing agencies over tapping of funds for MPLAD scheme, in regard to toilet cum biogas plants and other non-conventional energy sources systems/devices for community use. The Committee are happy to note that Maharashtra and M.P. have started involvement of NGOs and trained entrepreneurs for operation and maintenance of biogas plants even after the expiry of warranty period. The Committee desire that the other State Governments should also be motivated in this regard.

### VIII. Small Hydro Power Programme (SHP)

#### Recommendation (Sl. No. 16, Para No. 2.80)

28. The Committee had observed that as against a potential of 10,000 MW from small hydel projects, only 210 MW, had been realized. Despite taking a number of steps such as financial assistance for Survey & Investigation, preparation of DPR, capital subsidy scheme and private sector participation, in developing SHPs, no fruitful results had been forthcoming irrespective of an impressive data base of 3349 potential sites (with a total of 2852 MW capacity) for projects up to 3 MW and 662 sites (with a total of 5519 MW capacity) for projects in the range of 3-15 MW capacity. In the opinion of the Committee, in the absence of an apex institution for the development and promotion of SHPs, it was difficult to achieve the full potential and the separate cell in NHPC/CEA, may not be able to do much. The Committee, therefore, had recommended that a Central Organization/PSU on the lines of NHPC, be set up, for promoting SHPs.

29. The Ministry in their Action Taken reply have stated that they are adopting a multi-pronged strategy which includes identification of potential sites, their feasibility studies, R&D cum demonstration projects, technical and financial support for the projects in the States etc. for the last 10 years when the subject of small hydro up to 3 MW capacity was transferred to MNES from Ministry of Power. As a result of this, there has been a three fold increase in the installed capacity of SHP projects from 63 MW to 217 MW. Since 1993-94, the focus of small hydro power programme has been shifted to commercialisation through private sector participation. 13 States have already announced their policies for private sector participation in the SHP sector. There has been continuous increase in the installed capacity of SHP projects. During 1997-98, the SHP sector registered a capacity addition of 11.1 MW, during 1998-99 of 28 MW and during 1999-2000, 33 MW. It is expected that there would be a capacity addition of about 40 MW during 2000-2001. The response of private sector is also quite encouraging and States have offered over 1900 MW projects to the private sector. Since the subject of small hydro between 3-25 MW has also been transferred to MNES w.e.f. 29th November, 2000, Ministry of Non-Conventional Energy Sources have revised its various incentive schemes to cover small hydro power projects up to 25 MW. In addition to give higher interest subsidy for commercial projects to the private sector and higher capital subsidy in the State Sector, discussions have

been held with NHPC and NEEPCO to involve them in the setting up of small hydro power projects also. Alternate Hydro Energy Centre, University of Roorkee is proposed to be further strengthened to provide technical support to this sector. For the North-Eastern Region, Ministry of Non-Conventional Energy Sources has set up a team of officers, who visited North-Eastern States during April-May, 2000 and had detailed discussions with the State Governments to generate new projects/proposals. The Ministry have already started receiving proposals to set up Small Hydel Power Projects in the North-Eastern States and two Small Hydel Power Projects namely Serlui B (12 MW) in Mizoram and Shilloi (6 MW) in Nagaland are under consideration in the Ministry during the current year for capital subsidy.

30. The Committee observe that there has been a three-fold increase in the installed capacity of SHP sector from 63 MW to 217 MW during the last 10 years. It has registered a capacity addition of 72 MW during the last 3 years and is expecting a further capacity addition of about 40 MW during 2000-2001. The States have offered 1900 MW projects to the private sector. In all, 13 States have already announced their policy for private sector participation in SHP sector. The Committee further note that focus of small hydel power programme has been shifted to commercialisation, through private sector participation. The Committee welcome this shift, but at the same time would like to emphasise that Government should not solely depend upon private sector. Instead, a judicious mix of private and public sector should bring the much needed power. It is in this context, the Committee had recommended that a specialised agency on the lines of NHPC/NEEPCO be set up. Reiterating their earlier recommendation, the Committee desire that a Central Organization/PSU, on the line of NHPC, solely devoted for the promotion of small hydro sector in the country should be set up at the earliest.

IRREDA and ADB during the visit of the Review Mission in September 1998. Accordingly, documents for US \$20 million has been filed with the Ministry of Non-Conventional Energy Sources, Government of India, New Delhi. The Ministry of Non-Conventional Energy Sources is working for the approval of the Government of India and the Government of the State of Bihar.

The suggestion of the Committee is approved by the Government of India. The Government of Bihar has also approved the suggestion of the Committee.

(Please see Part II of Chapter I of the Report.)  
Ministry of Non-Conventional Energy Sources, CM No. 8/2/2000  
P&C Dated: 18/2/2000



## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Sl. No. 2, Para No. 2.23)

The Committee feel that the Ministry should make all out efforts to check the non-Plan expenditure and at the same time make a realistic assessment of their requirement of non-Plan funds. Though the administrative expenditure of the Ministry has increased over the years, an important component of non-Plan expenditure *viz.* training has not been given its due importance and the amount allocated for the purpose has remained unutilized. The Committee feel that the staff engaged in the field of non-conventional energy sources should be given proper training to keep them abreast with the latest technologies in the field. It should also be ensured that the persons given training are assigned duties in the field of their training.

#### Reply of the Government

Ministry is making efforts to check non-Plan expenditure and is also making realistic assessments of the requirements under non-Plan through periodical reviews as well as monitoring of the expenditure.

A separate scheme for HRD and training has been started by the Ministry from 1999-2000 for the technical and non-technical staff of the Ministry. Officers of the Ministry are being sent for training both in India and abroad to keep them abreast with the latest technologies in the field, in keeping with the recommendations of the Standing Committee.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated 1.9.2000]

#### Comments of the Committee

(Please see Para 12 of Chapter I of the Report.)

**Recommendation (Sl. No. 3, Para No. 2.24)**

The Committee have observed that over-optimistic targets, which are seldom achieved, have been proposed for mobilization of Internal and Extra Budgetary Resources (IEBR). For instance during 1998-99, as against target of Rs. 327.16 crore, only Rs. 267.79 crore could be realized through IEBR. The reasons adduced for such mis-match were non-utilization of ADB loan to the tune of Rs. 39.50 crore, non-availing of Bank loan of the order of Rs. 75 crore and inability to raise projected finances under tax-free bonds. The Committee are constrained to note the wide variations between budgeted amount and actual expenditure with reference to external aid received through ADB. The Committee are of the opinion that such casual and poor budgeting needs to distortions in the planning process. It has been brought to the notice of the Committee that during 1999-2000, Bank loan amounting to Rs. 25 crore may not be availed by IREDA. Similarly, due to anticipated increase in the provision of NPA and subsidiary loan agreement sought to be entered into by IREDA, not being matured, the internal accruals may fall short by another Rs. 47 crore. The Committee, therefore, recommended that only realistic and achievable IEBR targets should be fixed. The Committee also desire that reasons for under-utilisation of ADB loan be gone into and corrective steps taken. The anticipated increase in Non-Performing Assets of IREDA, does not augur well for the organization. The Committee desire that result-oriented steps should be taken not only to contain NPAs in IREDA but also to improve the rate of recovery.

**Reply of the Government**

The recommendations for fixing realistic and achievable IEBR targets have been noted for compliance and will be kept in view while finalising IEBR targets in the future years.

The reasons for non-utilisation of ADB loan have been examined and necessary corrective steps have been taken. ADB loan is now being utilised as per the minutes of discussion of 16.9.99 between IREDA and ADB during the visits of the Review Mission in September, 1999. Accordingly, documents for US \$20 million has been filed with ADB for the Calendar Year 1999. Follow-up with borrowers is stepped up for timely collection of reimbursement documents for availing disbursement from ADB in time.

The suggestions for containing NPAs and for improving rate of recovery have been noted for compliance.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated: 1.9.2000]

**Recommendation (Sl. No. 4, Para No. 2.25)**

The Committee have observed that State Governments are unable to formulate suitable proposals on Non-Conventional Energy Sources, relevant to their States, mainly on account of absence of institutional set up capable of undertaking proper survey and assessment of demands of various energy needs. They are also not equipped to formulate suitable proposals specially for remote and far-flung areas. In the opinion of the Committee, if States take suitable steps by involving public and private sectors, in preparing such proposals, these can help in promoting renewable energy programmes more effectively. Therefore, the Committee desire that Ministry of Non-Conventional Energy Sources should take up the matter with the State Governments and impress on them the imperative need for developing an effective mechanism for formulation of appropriate proposals on Non-Conventional Energy Sources in their States. This will not only meet lighting, heating, cooking, drinking water, irrigation and other basic energy requirements in domestic sector but also in industrial applications in their States. The Committee desire that they may be apprised of the follow-up action taken by State Governments in this regard.

**Reply of the Government**

The recommendation of the Standing Committee regarding need for developing an effective mechanism for formulation of appropriate proposals on Non-Conventional Energy Sources was discussed with all the State Government Departments/Agencies during Annual Renewable Energy Conference organised on 23rd-24th May, 2000. The State Governments were advised to take advantage of a new scheme on Project Preparatory Assistance launched by the Ministry, with a view to creating awareness about international funding from bilateral and multilateral agencies. This would enable State Governments to prepare suitable, proposals for funding of non-conventional energy projects for their States. In addition, the State Government Departments/Agencies were also requested to take advantage of various incentives available under Ministry's programmes for preparation of detailed project reports etc.

Some of the State Nodal Agencies have already acquired the capability of developing suitable project proposals especially for installation of solar photovoltaic systems/plants. These agencies are also helping other State Government Agencies, which have been

established relatively recently and are yet to acquire such a capability. In this regard, West Bengal Renewable Energy Development Agency (WBREDA), Calcutta and Non-Conventional Energy Development Agency of Uttar Pradesh (NEDA), Lucknow are worth mentioning as they have acquired the expertise in development of suitable project proposals. Some private consultants have also acquired such capability and started offering their services to the programme implementing State Nodal Agencies.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated: 1.9.2000]

**Recommendation (Sl. No. 6, Para No. 2.27)**

At present, Ministry of Non-Conventional Energy Sources are providing Central subsidy/financial assistance under various programmes and the remaining cost is to be borne by the State Governments/users. For instance, in the easier schemes, the cost is shared on 50:50 basis. But for the costlier schemes like small hydro projects, 75% of the cost is borne by Central Government and 25% by State Government. For the difficult schemes the ratio is 90:10. The allocation provided to the States for Non-Conventional Energy Projects by the Planning Commission is totally inadequate to meet the matching funds requirements. It has also been observed that allocations made for Non-Conventional Energy Sector to States are sometime diverted for some other purposes. As a result, funds are not made available for implementation of various renewable energy programmes. The Committee, therefore, recommend that the Union Government should take up the matter with the State Governments and advise them to make adequate financial allocation while formulating their Annual Plan and also ensure that funds are not diverted to other Sectors and are utilized only for Non-Conventional Energy projects. The Committee have also been informed that construction of Common Gobargas Plants, Non-Conventional Energy System/Devices for community use and related activity can be funded through the MPLAD Scheme. The Committee desire that the Ministry should tap funds under these schemes to meet the resources gap so that the Non-Conventional Energy Projects are not starved of funds.

### Reply of the Government

All State Government implementing departments/agencies were advised that adequate financial allocation should be made while formulating the Annual Plan and ensure that the funds are not diverted to other sectors and should be utilized only for non-conventional energy programmes. State Governments were also requested to contact Members of Parliament for undertaking community orientated renewable energy systems/devices and avail financial support under MPLAD Scheme. State implementing agencies/departments were also advised that in addition to utilizing the funds available under the MNES programmes, they should also explore the possibility of getting funds from other agencies for implementation of non-conventional energy projects especially for village electrification programme. The State Nodal Agencies may also tie-up with other State Departments/Agencies such as Tribal Welfare Department, Social Welfare Department etc. for getting financial support.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated: 1.9.2000]

### Comments of the Committee

(Please see Para 15 of Chapter I of the Report.)

### Recommendation (Sl. No. 7, Para No. 2.28)

The Committee have observed that execution of Non-Conventional Energy Projects are delayed considerably due to lack of trained personnel and man-power required for execution of such projects by the States. Further, most of the State Governments are not having specialized institutions, associations, leading NGOs, grass-root entrepreneurs, etc. capable of implementing these projects efficiently resulting in cost/time overruns. Also some of the State Governments/Agencies do not have District Cells/Organizations, responsible for implementation of New and Renewable Sources of Energy (NRSE) projects. In the opinion of the Committee, State Governments should associate public sector undertaking-Navratnas & Mini Navratnas in the implementation of such projects.

### Reply of the Government

The State Government Departments/Agencies were requested to associate public sector undertakings-Navratnas and Mini Navratnas in the implementation of various non-conventional energy project as recommended by the Standing Committee during the Annual Renewable Energy Conference held on 23rd-24th May, 2000.

For accelerating the pace of implementation, the Ministry has been allocating direct targets under solar photovoltaic, biogas and improved chulha programmes to selected NGOs with good track records and also to central public sector undertakings. Bharat Electronics Limited (BEL), Bharat Heavy Electrical Limited (BHEL), Central Electronics Limited (CEL) have been associated with the implementation of solar photovoltaic programmes.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated 1.9.2000]

#### **Comments of the Committee**

(Please see Para 18 of Chapter I of the Report.)

#### **Recommendation (Sl. No. 8, Para No. 2.29)**

It has been observed that lack of suitable infrastructure facilities such as sub-station, transformers, etc., to evacuate power generated from decentralized energy sources, approach road and other basic minimum facilities like water supply etc., are acting as major impediments in the execution of New and Renewable sources of Energy (NRSE) Projects. The Committee desire that the Union Government should take up the matter with the State Governments for creating suitable infrastructure facilities required for implementation of such projects. The follow-up action taken by the State Governments in this regard may be intimated to the Committee within 6 months after the presentation of the Report.

#### **Reply of the Government**

As suggested by the Committee, the matter was taken up with the State Governments for creating suitable infrastructure facilities required for implementation of new and renewable energy sources power generation projects in the Annual Renewable Energy Conference organised by the Ministry on 23rd & 24th May, 2000. State Governments have been requested to adopt area-based approach to resource planning and implementation instead of project based approach. They have also been requested that access, land, power evacuation etc. be developed and made available to investors and developers at the time of inviting proposals for such areas.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated 1.9.2000]

### Comments of the Committee

(Please see Para 21 of Chapter I of the Report)

#### Recommendation (Sl. No. 9, Para No. 2.30)

Due to lack of proper and suitable monitoring at State level NRSE projects are not implemented on time nor are they implemented properly, this leads to non-functioning of various systems/devices. The Committee desire that the imperative need for proper monitoring of various projects should be impressed upon the State Govts. more effectively. Such monitoring efforts should be supplemented by active involvement of user/local self-Government bodies such as Panchayats. NGOs in order to ensure an effective monitoring and regular feedback.

#### Reply of the Government

Regular monitoring by the Ministry and Regional Offices of the Ministry is conducted in order to see that the programmes are being implemented properly. Besides, this Ministry is also conducting evaluation studies through independent agencies particularly for its Biogas and Improved Chulha Programmes.

Monitoring and evaluation of NRSE projects were given emphasis in the 'Annual Renewable Energy Conference—Policy Perspective-2000-2012' held in New Delhi. All State Governments were requested to ensure proper monitoring of various NRSE projects, as recommended by the Committee.

Under the Solar Photovoltaic (SPV) Programme, the State Government/programme implementing organisations had been advised to set up monitoring arrangements to closely review the implementation of the programme. During the execution phase of the projects, the implementing organisations are required to submit monthly progress reports to the Ministry. The programme implementing organisations are also required to check at least 5% of the total devices/systems after initial distribution/installation in the field before submitting the project completion reports to the Ministry. Officers from the MNES Regional Offices frequently visit the field installations and any deficiency found in the implementation/performance of the systems is referred to the programme implementing organisations for taking remedial measures.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-P&C Dated 1.9.2000]

**Recommendation (Sl. No. 10, Para No. 2.31)**

Besides monitoring, it is also necessary to build up a strong after sales service mechanism, so as to ensure that such systems/devices function to the satisfaction of the users. In the opinion of the Committee, maintenance will not be easy and breakdowns cannot be attended quickly until and unless trained and skilled man-power is available at district/State level. The Committee, therefore, desire that the Union Government should urge upon the State Governments for actively involving turnkey workers/energy entrepreneurs for service, repair and maintenance of such systems/devices. It should also be ensured that two to three years warranty clause is invariably incorporated in the terms and conditions while procuring such systems/devices. Training programmes for entrepreneurs and local youth for proper maintenance, servicing and repairing in association with the Panchayats/local bodies/NGOs should also be arranged.

**Reply of the Government**

The recommendation of the Committee regarding involvement of turnkey workers/energy entrepreneurs for service, repair and maintenance of Renewable Energy systems/devices was discussed with the State Governments in the 'Annual Renewable Energy Conference held on 23-24 May, 2000' in New Delhi. State Governments were urged to utilize the provisions contained in various programmes of the Ministry for training of entrepreneurs and local youths particularly in Biogas, Improved Chulhas, IREP and Solar Photovoltaic Programmes. Further, a condition of providing upto three years warranty already forms a part of some of the schemes.

The manufacturers supplying systems under the SPV programme are required to provide a warranty for a minimum period of one year for the complete SPV system (including the battery) and minimum ten years for the PV module (s) from the date of supply. The organisations implementing SPV programme are also required to enter into an Annual Maintenance Contract (AMC) with the suppliers of SPV system for a period of four years after the one-year warranty period. There is a provision to extend financial support to programme implementing organisations, manufacturers associations, authorized test centres, educational institutions and professional bodies for organizing training programmes for users, technicians, designers and field personnel dealing with the SPV systems. The suggestion to provide warranty for the complete system for period of three years will be considered for implementation in future programmes.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated 1.9.2000]



**Recommendation (Sl. No. 11, Para No. 2.35)**

The Committee observe that the Ministry has allocated 10% of the Plan budget for development of North-Eastern Region including Sikkim during 9th Five Year Plan, to take up major Non-Conventional Energy programmes like biogas, improved chulhas and solar photovoltaic programmes. An amount of Rs. 38.69 crore has been spent during the first two years of the 9th Plan. For the ensuing financial year *i.e.*, in 2000-2001, a lump sum provision of Rs. 44.00 crore has been made in the Ministry's budget. The Committee feel that most of the Non-Renewable Energy Programme in the North-Eastern-Region including Sikkim suffered due to either under or non-utilization of allocated funds and absence of State Nodal Agencies. The Committee, therefore, recommend that the Government should initiate steps for setting up and/or strengthening of State Nodal Agencies and also encourage the States to accord top priority to the Non-Renewable Energy schemes with their respective matching funds. IREDA, the funding agency for Non-Conventional Energy Sources programmes, should also initiate an Action Plan for the North-Eastern Region States and Sikkim to utilize the allocated fund of Rs. 15.00 crores out of the proposed 10% allocation for New and Renewable Sources of Energy.

**Reply of the Government**

The Ministry set up a team of officers to formulate a strategy for achieving a quantum jump in the level of activity in the renewable energy sector in the North-Eastern Region and to assess the problems of project formulation and implementation. The team visited Arunachal Pradesh, Nagaland, Mizoram, Meghalaya and Assam during April-May, 2000. As per recommendations of the Committee the Proposal for providing 90% Central Financial Assistance and 10% share by the State Governments of NE States, has been taken up with Planning Commission. Regarding setting up/strengthening of State Nodal Agencies, it is mentioned that with effect from 1998-99 the Ministry has started a new scheme for providing Central Financial Assistance (CFA) for this purpose in North Eastern States and Sikkim and the Scheme is being continued during the Ninth Plan period. All States in North Eastern and Sikkim have set up State Nodal Agencies for Non-Conventional Energy Sources.

Special packages have been formulated by IREDA to offer concessions and incentives to the entrepreneurs for setting up of the non-conventional energy projects in North Eastern Region and Sikkim.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-  
P&C Dated 1.9.2000]

#### Comments of the Committee

(Please see Para 24 of Chapter I of the Report.)

#### Recommendation (Sl. No. 12, Para No. 2.50)

The National Project on Biogas Development (NPBD) is an important project for improving the quality of the life of the rural population, particularly women. It has been observed that only 25% of the estimated potential of 120 lakh biogas plants could be harnessed by March 1999. At this pace of progress, it will take many decades to harness the assessed potential. The Committee during the course of their discussion recognized the inability on the part of State Governments or providing matching contributions, due to their precarious financial health. The Committee note that resources gap, to a large extent, can be met through MPLAD scheme, as construction of common gobar gas plants, non-conventional energy systems/devices for community use and related activities, are permissible under this scheme. The Committee desire that MNES should tap such resources. The Committee also recommend that an agency should be identified through which such funds can be channelised. Such an agency should also be entrusted with the responsibilities of operation and maintenance work, on the expiry of the warranty period.

#### Reply of the Government

In the Annual Renewable Energy Conference Organised at New Delhi on 23rd & 24th May, 2000 the State Nodal Departments and Programme Implementing Agencies were requested to contact Members of Parliament for undertaking construction of community toilet cum biogas plants and other non-conventional energy systems/devices for community use by availing financial support under MPLAD scheme.

State Nodal Departments and Agencies have been advised to provide details of community toilet cum biogas plants to the Members of Parliament and implement feasible proposals under the Central Sector Scheme—Community, Institutional and Night—soil based Biogas Plants (CBP/IBP/NBP) Programme. Efforts are being made to involve NGOs and trained entrepreneurs for undertaking not only construction of community toilet cum biogas plant on turn-key basis but also to be entrusted with the responsibilities of operation and maintenance of such complexes on annual maintenance contract basis after the expiry of warranty period. A beginning has already been made in this regard in the States of Maharashtra and Madhya Pradesh. The matter is being followed up in other States.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-P&C Dated 1.9.2000]

#### **Comments of the Committee**

(Please see Para 27 of Chapter I of the Report)

#### **Recommendation (Sl. No. 14, Para No. 2.52)**

The Committee are not in agreement with the views of MNES that on an average 87.5% of biogas plants are functional. In the opinion of the Committee only a very small numbers of family size plants functions, whereas the percentage is slightly higher for community/institutional based biogas plants. The Committee feel that there is a need to develop sufficient talent in the State which can take care of operation & maintenance of the Biogas plants. For this, the Ministry should explore the possibility of introducing such courses in the Polytechnics, ITIs etc. and if possible also encourage them to take over the operation & maintenance of such plants.

#### **Reply of the Government**

Biogas Development and Training Centres set up under the National Project on Biogas Development have been advised to use the allocated target of 36 staff courses and 68 construction-cum-maintenance courses for 2000-2001 in training the faculty of selected ITIs, ploytechnics, etc. who will act as first line of trainers for training masons and entrepreneurs in the maintenance and repair of biogas plants. The subject was discussed with the State nodal departments

and programme implementing agencies in the Annual Renewable Energy Conference on 'Policy Perspective 2000-2001' organised by the Ministry at Vigyan Bhavan, New Delhi on 23rd and 24th May, 2000 and it was decided that State Governments and nodal agencies will utilise the services of trained rural youth in providing maintenance servicing of biogas plants on a payment basis.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-P&C Dated 1.9.2000]

**Recommendation (Sl. No. 15, Para No. 2.65)**

The Committee note with concern the falling Budget Estimates for biogas plants over the years. It is likely to adversely affect not only the setting up of new plants but also the efforts of the Government to re-start and maintain the old plants. The Committee feel the sufficient allocations should be made for the scheme to enable the Government to meet the targets of setting up new plants as well as to re-start all the non-functional plants. The Committee observe that most of the plants suffered/failed due to lack of monitoring and maintenance and the availability of requisite quantity of cattle dung for feeding the plants. The Committee, therefore, recommend that the Government should evolve an effective operating and monitoring agency to oversee such functions. The Committee feel that there is a need for R&D to develop a cost effective small capacity plant keeping in view the assured availability of raw materials to be used in the plants so that the monthly income generated from the plants by way of sale of manure, gases, etc. may cover the cost of operating and maintaining the plants and also is able to provide some incentive to the entrepreneurs to undertake setting up of such plants.

**Reply of the Government**

As recommended, a total B.E. provision of Rs. 69.00 crore has been made for biogas programme for 2000-2001, against the BE/RE as well as actual expenditure of Rs. 67.50 crore in 1999-2000. A new scheme of repair of biogas plants has been initiated during the current financial year for repair of old non-functional plants. A central grant up to a maximum of 50% of the Central subsidy applicable in the area concerned is being given for repair of old plants. States and agencies have been requested to prepare proposals; district-wise, based on field assessment.

With a view to strengthen monitoring, efforts are being made to select reputed independent NGOs to undertake monitoring of the plants being set up under NPBD. State nodal departments and agencies have been requested to undertake inspection of biogas plants, on an average, in two villages per month and send reports to MNES on a quarterly basis. States have also been requested to get the programme evaluated by an independent department/agency.

The smallest plant capacity, i.e. one cubic metre which requires 25 kilograms of cattle dung, daily is already being promoted under NPBD. Further, reduction in the cost of the plants has been achieved by constructing plants *in-situ* with ferrocement. This technology developed in Kerala State is now being promoted in other States through training of masons and entrepreneurs. A construction manual on "Deenbandhu Ferro-cement *in-situ* Model" has been circulated to States and Biogas Development and Training Centres. Further R&D work is in progress at nine institutions to study and improve the rate of biogas production in winter months, reduce emission of green-house gases and develop low-cost advanced reactor designs to use solid organic wastes. Entrepreneurs and trained masons are eligible to receive a central grant of Rs. 700/- per plant for promoting this model in North Eastern Region States, Sikkim, Jammu & Kashmir and Himachal Pradesh and Rs. 500/- per plant in other States/UTs.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-P&C Dated 1.9.2000]

**Recommendation (Sl. No. 16, Para No. 2.80)**

The Committee have observed that as against a potential of 10,000 MW from small Hydel projects, only 210 MW, has been realized. A number of steps such as financial assistance for Survey & Investigation, preparation of DPR, capital subsidy scheme and private sector participation, in developing SHPs have been taken in this regard. No fruitful results have been forthcoming, inspite of an impressive data base of 3349 potential sites (with a total of 2852 MW capacity) for projects up to 3 MW and 662 sites (with a total of 5519 MW capacity) for projects in the range of 3-15 MW capacity. In the opinion of the Committee, in the absence of an apex institution for the development and promotion of SHPs, it is difficult to achieve the full potential and the separate cell in NHPC/CEA, may not be able to do much. The Committee, therefore, recommend that a central organization/PSU on the lines of NHPC, be set up, for promoting

SHPs. The North-Eastern Region has the highest potential of developing small hydro power projects. The Government had announced a special incentive for development of these projects in 1997. But it appears that it has not been able to get the desired response. The Committee recommend that the Ministry should take up the matter with the State Governments of the region and encourage them to take up new projects, especially where feasibility studies have been completed.

#### Reply of the Government

In order to provide focussed attention to the small hydro sector, the subject of small hydro up to 3 MW capacity was transferred to MNES from Ministry of Power about 10 years back. To promote activities in this sector and exploit SHP potential in the country in a systematic manner, the Ministry adopted a multi-pronged strategy which includes identification of potential sites, their feasibility studies, R&D *cum* demonstration projects, technical and financial support for the projects in the States etc. As a result of this, there has been a three fold increase in the installed capacity of SHP projects from 63 MW to 217 MW in the last 10 years. Since 1993-94, the focus of small hydro power programme has been shifted to commercialisation through private sector participation. As a result of these, the SHP sector has attained near commercialisation. 13 States have already announced their policies for private sector participation in the SHP sector. There has been continuous increase in the installed capacity of SHP projects. During 1997-98, the SHP sector registered a capacity addition of 11.1 MW, during 1998-99 of 28 MW and during 1999-2000, 33 MW. It is expected that there would be a capacity addition of about 40 MW during 2000-2001. There is a renewed interest in the States to set up SHP projects. The response of private sector is also quite encouraging and States have offered over 1900 MW projects to the private sector.

The subject of small hydro between 3-25 MW has also been transferred to MNES w.e.f. 29th November, 2000. Further, to harness the small hydro power potential in the country at a faster pace, Ministry of Non-conventional Energy Sources has revised its various incentive schemes to cover small hydro power projects up to 25 MW. As per the new schemes higher interest subsidy is being given to the private sector to set up commercial projects. The amount of capital subsidy has also been increased for SHP projects in the State sector. Discussions have been held with NHPC and NEEPCO to involve them in the setting up of small hydro power projects also. Alternate Hydro Energy Centre, University of Roorkee is proposed to be further strengthened to provide technical support to this sector.

In order to achieve a quantum jump in the level of activities in the renewable energy area in the North-Eastern Region, MNES has set up a team of officers. The team visited North Eastern States during April-May, 2000 and had detailed discussions with the State Governments to generate new projects/proposals. The Ministry has already started receiving proposals to set up SHP projects in the North-Eastern States and two SHP projects namely Serlui B (12 MW) in Mizoram and Shilloi (6 MW) in Nagaland are under consideration in the Ministry during the current year for capital subsidy.

[Ministry of Non-Conventional Energy Sources OM No. 8/2/2000-P&C Dated 1.9.2000]

#### **Comments of the Committee**

(Please see Para 30 of Chapter I of the Report)

#### **Recommendation (Sl. No. 17, Para No. 2.81)**

The Committee note that Renovation and Modernization (R&M) is the most cost effective mechanism, to realize capacity addition. The history of hydro-development in the country begins with the setting up of the small hydel project in Darjeeling, over one hundred years ago. Since then as many as 267 SHPs has been commissioned. The Committee desire that a comprehensive survey be undertaken to access the units which require R&M. The Committee note that so far only 34 R&M proposals have been received and only 5 projects have been sanctioned and in other 5 cases approval have been given 'in Principle' only. The Committee recommend that rest of the projects may be examined and clearances given expeditiously.

#### **Reply of the Government**

Ministry of Non-Conventional Energy Sources is giving high priority for the renovation and modernisation of old SHP projects. The State Governments/SEBs have already been requested to undertake a comprehensive survey and to identify SHP stations which require renovation and modernisation. However, before the actual R&M work is taken up, it is necessary that detailed engineering is done for the R&M works required which takes some time. During the current year joint team visits are being organised to specifically identify the item of works required to be taken up for the proposals received in the Ministry. The Ministry has already received the details for 8 projects and it is expected that 'in-principle' approval would be accorded this year itself.

[Ministry of Non-Conventional Energy Sources OM No. 8.2.2000-P&C Dated 1.9.2000]

**Recommendation (Sl. No. 18, Para No. 2.82)**

The Committee have also noted that Ministry of Environment & Forests take a long time in granting clearance to the hydel projects. They also treat small hydro power projects at par with the major hydel projects. The Committee recommend that Ministry of Environment & Forests should delegate powers to State Governments for issuing clearance for small hydro power projects upto 25 MW capacity so that the time and cost overruns of SHPs can be checked. The Committee feel that there is a need to give a thrust to SHP projects by providing better infrastructural facilities for the working of such projects. The various incentives offered by the Government are also needed to be advertised properly to attract private investment in this area.

**Reply of the Government**

Ministry of Non-conventional Energy Sources is again taking up the matter with Ministry of Environment and Forests regarding expediting clearances for small hydro power projects and delegation of powers to the State Governments as suggested by the Standing Committee. The State Governments have been requested to give thrust to SHP projects and provide necessary infrastructural facilities for the development of SHP projects. The Ministry has already revised its incentives to encourage State Governments and private sector to set up SHP projects. The incentives offered by MNES are being advertised through newspapers, various magazines etc. Recently, the Ministry has published a booklet on "Small Hydro Incentive Schemes" which is being widely circulated in interested groups.

[Ministry of Non-Conventional Energy Sources OM No. 8.2.2000  
P&C. Dated 1.9.2000]



CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (SI No. 17 Para. No. 231)  
—NIL—

The Committee has noted that the Ministry of Non-Conventional Energy Sources is in the process of preparing a list of potential sites for small hydro projects and is also conducting field visits to these sites. The Ministry has already received proposals for 8 projects and it is expected that 'in-principle' approval would be accorded this year itself.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 1, Para No. 2.22)

The Ministry of Non-Conventional Energy Sources have presented Demands for Grants of Rs. 446.46 crore for the year 2000-2001 as against an expenditure of Rs. 298.59 crore in 1998-99 and Revised Estimate of Rs. 319.47 crore in 1999-2000. The Committee note that Gross Budgetary Support (GBS) of Rs. 403.02 crore allocated during Annual Plan 1998-99 was reduced to Rs. 304.42 crores at RE stage by the Ministry of Finance. Against this, the actual expenditure was Rs. 298.59 crore. Further, during 1999-2000 GBS of Rs. 358.32 crore was allocated during Annual Plan 1999-2000 which was again reduced by the Ministry of Finance, despite improvement in Non-Plan expenditure in the current year. It has been brought to the notice of the Committee that the major reduction in Budget provisions was under IDA line of credit and SDC grant under external aided projects being implemented by IREDA during last two years. The major reasons attributed for non-utilisation of IDA line of credit are delay in completion of post-project sanction formalities, inadequate and delayed supply from equipment manufacturers and dropping of project in Solar Photovoltaic (SPV) Sector by the borrowers. The reduction in SDC grant was due to reassessment of external assistance depending on utilization by Indian Renewable Energy Development Agency/ reimbursement by the World Bank. The Committee are of the opinion that due to reduction in budgeted Plan outlay, considerable financial liabilities have been carried over to the next Plan period. As a result, the targets fixed for the Ninth Plan would be affected. The Committee feel that instead of pruning down the targets, the Government should provide sufficient budgetary support to realize the original targets set for the Ninth Plan. The Committee do not understand the justification for imposing a cut in spite on improvement in expenditure. Further, this Committee has over the years cautioned the Ministry of Finance not to impose any arbitrary financial cut. The Committee noticed that the Ministry of Finance are not taking the advice of the Committee

with the seriousness it deserves. The Committee reiterate their earlier recommendation and desire that Ministry of Finance should not impose cut on the budgetary proposals of the Ministry of Non-Conventional Energy Sources once they have been approved by the Parliament. The Committee also desire that the reasons for delay in completion of post-sanction formalities, inadequate and delayed supply from equipment manufacturers and dropping of projects in SPV Sector by borrowers may be gone into and corrective steps taken.

#### **Reply of the Government**

The Ministry of Non-Conventional Energy Sources has incurred a total expenditure of Rs. 317.49 crores (GBS) against the revised estimate of Rs. 319.47 crores during 1999-2000. The recommendation of the Standing Committee has been forwarded to the Ministry of Finance for compliance. The delay in post-sanction formalities is due to the requirement of compliance by the borrowers with legal documentation, mobilization of equity for commencing the project etc. As regards legal documentation, IREDA has been constantly simplifying the documentation requirements. Follow up worth borrowers to expedite mobilization of equity is being undertaken by IREDA.

[Ministry of Non-Conventional Energy Sources OM No. 8.2.2000-P&C Dated 1.9.2000]

#### **Comments of the Committee**

(Please see Paragraphs 7, 8 and 9 of Chapter I of the Report)

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Sl. No. 5, Para No. 2.26)**

It has been brought to the notice of the Committee that the implementation of most of renewable energy projects by the States get delayed considerably on account of cumbersome procedures involved in land allotment and obtaining clearance from various Departments/Organisations such as Forest, Environment, Pollution Board, etc. This leads to cost and time overruns of renewable energy projects. The Committee desire that the Union Government should urge upon the State Government for creation of Single Window Clearance Concept which will not only minimize delay but will also expedite the projects under execution.

#### **Reply of the Government**

In the Annual Renewable Energy Conference held during 23rd & 24th May, 2000 the matter of single window clearance mechanism was discussed in detail and all State Governments were requested that the 'Single Window' mechanism be set up in the States to accord clearance/approval to NRSE based projects, including land allotment, forestry and environment and other statutory clearances. The recommendations of the Annual Conference were also sent to Ministry of Environment and Forests and other concerned Ministries for taking necessary action.

[Ministry of Non-Conventional Energy Sources OM No. 8.2.2000-  
P&C Dated 1.9.2000]

#### **Recommendation (Sl. No. 13, Para No. 2.51)**

The Committee noted that the NPBD programme failed miserably in North-Eastern States. The laudable achievements made in the States of Andhra Pradesh, Maharashtra and Orissa and also by Khadi and Village Industries Commission, have been somewhat nullified by the low achievements in the North-Eastern Region and Sikkim (NERS). No other States except Meghalaya and Tripura had been able to achieve

targets due to their inability to provide requisite budget towards State subsidy in their respective State Plans. The Committee, therefore, recommend that higher targets, with corresponding financial allocations may be agreed to for those States who have achieved or exceeded their targets, while the targets for the remaining States particularly for the NERS, may be increased in a phased manner whereby the States can be encouraged to make matching provision in their budgets. The Committee also feel that there is a need to re-assess the potential of biogas plants in the country as the present estimate of 120 lakh biogas plants is based on the year 1972, cattle population sample survey conducted by National Dairy Research Institute, Karnal. This would enable to make the planning more realistic.

#### Reply of the Government

A higher target of setting up of 1.80 lakh family type biogas plants has been fixed for the year 2000-2001 under the National Project on Biogas Development, as against a target of 1,68,000 plants and an achievement of 1,68,370 plants during 1999-2000. As recommended by the Committee, the States, namely, Karnataka, Punjab and Uttar Pradesh, who achieved or exceeded their targets during 1999-2000 have been allocated higher targets with corresponding allocations in 2000-2001 under National Project on Biogas Development. With particular reference to North Eastern Region States, it may be mentioned that a separate budget provision of Rs. 7.00 crore has been earmarked for 2000-2001 under National Project on Biogas Development and higher targets have been allocated to Arunachal Pradesh, Assam and Tripura as compared to their achievements during 1999-2000. The programme is being closely monitored and during the course of financial year, the States who achieve their targets on a month to month basis and if found capable of absorbing higher targets will be given additional targets with corresponding financial allocations while the targets for the States lagging behind will be readjusted.

Programme Evaluation Organisation of the Planning Commission has been assigned an evaluation survey study on biogas plants. The study envisages, *inter alia*, reassessment of the potential of biogas plants in the country. The Planning Commission has informed that field work will be started in the month of August/September, 2000 and the study will be completed in a period of about 8-9 months.

[Ministry of Non-Conventional Energy Sources OM No. 8.2.2000-P&C Dated 1.9.2000]

**Recommendation (Sl. No. 19, Para No. 2.93)**

The Committee observe that the Centrally Sponsored Scheme of Integrated Rural Energy Programme (IREP) is under implementation at the Block level in all the States and UTs. 860 Blocks have been sanctioned till the end of 1997-98 for the implementation of IREP. During additional new Blocks at an expenditure of Rs. 7.80 crore out of the programme outlay of Rs. 11.80 crore. It is proposed to extend the programme outlay of Rs. 9.00 crore during the financial year 2000-2001 indicating drastic reduction in allocation of fund since 1998-99. The Committee feel that until and unless adequate funds are sanctioned for the State and Block IREP cell, the programme will remain where it is. The Committee desire that IREP should be consolidated and States be persuaded to make a matching contribution of Rs. 5.00 lakh per Block. The programme should be remodeled/redesigned on the basis of the recommendations made by UNDP and sufficient budget provision should be made to implement the programme. The Committee are of the view that due importance should be given to the Urjagram scheme which is now part of the Rural Energy Programme. Details of the redesigned scheme should be made available to the Committee.

**Reply of the Government**

An extensive Case study in two IREP Blocks, one each in Karnataka and Punjab States has been assigned to the National Council of Applied Economic Research (NCAER), New Delhi in July 2000 for a period of two months. The information emerging out of this study will be used in remodeling/redesigning IREP. Till then, the programme is being continued in 860 Blocks on the same terms and conditions as were followed in 1999-2000. In regard to persuading States to contribute a minimum of Rs. 5.00 lakh per IREP Block, the subject was highlighted in the Annual Renewable Energy Conference on "Policy Perspectives 2000-2012" held in Vigyan Bhawan, New Delhi on 23-24 May, 2000 (Reference para xxvi of the minutes of the Conference—a copy attached). Efforts are being made to collect the information on budgetary support available for IREP under State Plans for 2000-2001. All States and Union Territories have also been advised to give importance to implementation of Urjagram projects within IREP Block Energy Plans.

[Ministry of Non-Conventional Energy Sources OM No. 8.2.2000-  
P&C Dated 1.9.2000]

NEW DELHI;  
February 7, 2001  
Magha 18, 1922

SONTOSH MOHAN DEV,  
*Chairman,*  
*Standing Committee on Energy.*

ANNEXURE I

MINUTES OF THE FIRST SITTING TO THE STANDING COMMITTEE  
ON ENERGY (2001) HELD ON 25TH JANUARY, 2001 IN  
COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE,  
NEW DELHI

The Committee met from 11.00 hours to 12.00 hours.

PRESENT

Shri Sontosh Mohan Dev — *Chairman*

MEMBERS

2. Shri Basudeb Acharia
3. Shri Prakash Yashwant Ambedkar
4. Shri Rajbhar Babban
5. Shri Vijayendra Pal Singh Badnore
6. Shri Lal Muni Chaubey
7. Shri Sanat Kumar Mandal
8. Shri Dalpat Singh Parste
9. Shri B.V.N. Reddy
10. Shri Chada Suresh Reddy
11. Shri Chandra Pratap Singh
12. Shri Tilakdhari Prasad Singh
13. Shri Manoj Sinha
14. Shri Ramji Lal Suman
15. Prof. Ummareddy Venkateswarlu
16. Shri P.R. Khunte
17. Shri Girdhari Lal Bhargava
18. Shri Trilochan Kanungo
19. Shri Lakhiram Agarwal
20. Shri Dara Singh Chauhan
21. Shri Manohar Kant Dhyani
22. Shri Vedprakash P. Goyal
23. Shri Santosh Bagrodia
24. Ven'ble Dhamma Viriyo
25. Shri R.P. Goenka
26. Shri V.V. Raghavan

## SECRETARIAT

1. Shri P.K. Bhandari — *Deputy Secretary*
2. Shri R.S. Kambo — *Under Secretary*

2. At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration the following draft Reports:—

- (i) Action taken by the Government on the recommendations contained in the First Report of the Standing Committee on Energy (1999-2000) on Demands for Grants (2000-2001) of the Department of Atomic Energy.
- (ii) Action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Energy (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Non-Conventional Energy Sources.
- (iii) Action taken by the Government on the recommendations contained in the Third Report of the Standing Committee on Energy (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Power.
- (iv) Action taken by the Government on the recommendations contained in the Thirty Ninth Report of the Standing Committee on Industry (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Coal.

4. The Committee adopted the aforesaid draft Reports with minor additions/deletions/amendments.

5. The Committee also authorised the Chairman to finalise the above-mentioned Reports after making consequential changes arising out of factual verification by the concerned Ministries/Department and to present the same to both the Houses of Parliament.

*The Committee then adjourned.*



(Vide Para 4 of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON  
THE RECOMMENDATIONS CONTAINED IN THE SECOND  
REPORT OF THE STANDING COMMITTEE ON ENERGY  
(THIRTEENTH LOK SABHA)

I.	Total No. of Recommendations	19
II.	Recommendations that have been accepted by the Government ( <i>vide</i> recommendations at Sl. Nos. 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17 and 18)	15
	Percentage of total	78.95%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies	Nil
IV.	Recommendation in respect of which reply of the Government has not been accepted by the Committee ( <i>vide</i> recommendation at Sl. No. 1)	1
	Percentage of total	5.26%
V.	Recommendations in respect of which final replies of the Government are still awaited ( <i>vide</i> recommendations at Sl. Nos. 5, 13 and 19)	3
	Percentage of total	15.79%

