

23

STANDING COMMITTEE
ON ENERGY
(2001)

THIRTEENTH LOK SABHA

MINISTRY OF POWER
DEMANDS FOR GRANTS
(2001-2002)

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

TWENTY-THIRD REPORT



LOK SABHA SECRETARIAT
NEW DELHI

December, 2001/Agrahayana, 1923 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE STANDING COMMITTEE ON ENERGY.....	(iii)
COMPOSITION OF THE SUB-COMMITTEE ON ACTION TAKEN REPORTS	(v)
INTRODUCTION	(vii)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations that have been accepted by the Government	23
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	60
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	87
CHAPTER V Recommendations/Observations in respect of which final replies of the Government are still awaited	99

ANNEXURES

I. Minutes of the First Sitting of the Sub- Committee on Action Taken Report held on 12.12.2001	104
II. Minutes of the Nineteenth sitting of the Standing Committee on Energy held on 12.12.2001	106
III. Analysis of Action Taken by the Government on the Recommendations contained in the Sixteenth Report of the Standing Committee on Energy (Thirteenth Lok Sabha)	108

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY
(2001)

Shri Sontosh Mohan Dev — *Chairman*

MEMBERS

Lok Sabha

2. Shri Basudeb Acharia
3. Shri Prasanna Acharya
4. Shri Prakash Yashwant Ambedkar
5. Shri Rajbhar Babban
6. Shri Vijayendra Pal Singh Badnore
7. Shri Jagmeet Singh Brar
8. Shri Lal Muni Chaubey
9. Shri A.B.A. Ghani Khan Choudhury
10. Shri Bikas Chowdhury
11. Shri M. Durai
12. Kumari Bhavana Pundlikrao Gawali
13. Shri Sanat Kumar Mandal —
14. Shri K. Muraleedharan —
15. Shri Amar Roy Pradhan —
16. Shri Ravindra Kumar Pandey
17. Shri Dalpat Singh Parste
18. Shri B.V.N. Reddy
19. Shri Chada Suresh Reddy
20. Shri B. Satyanarayana
21. Shri C.K. Jaffer Sharief
22. Shri Chandra Pratap Singh
23. Shri Tilakdhari Prasad Singh
24. Shri Manoj Sinha
25. Shri Ramji Lal Suman
26. Prof. Ummareddy Venkateswarlu
27. Shri P.R. Khunte
28. Shri Girdhari Lal Bhargava
29. Shri Trilochan Kanungo
30. Shri Harpal Singh Sathi

(iv)

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 Aimaduddin Ahmad Khan (Durru)
38. Shri R.P. Goenka
- *39. Shri Vedprakash P. Goyal
40. Shri Rama Shanker Kaushik
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 — *Additional Secretary*
2. Shri P.K. Bhandari — *Director*
3. Shri R.S. Kambo — *Under Secretary*
4. Shri Arvind Sharma — *Senior Committee Assistant*

*Ceased to be Member of the Committee w.e.f. 1.9.2001 consequent upon his induction in Union Cabinet.

Recommendation (SI No. 28, Para No. 2800)

The Commission further observe that the work of Lakshadweep
Commissioner, Lakshadweep
COMPOSITION OF SUB-COMMITTEE ON
ACTION TAKEN REPORTS

- Shri Sontosh Mohan Dev — *Chairman*
2. Shri Tilakdhari Prasad Singh — *Convenor*
 3. Shri Basudeb Acharia
 4. Shri Prakash Yashwant Ambedkar
 5. Shri Vijayendra Pal Singh Badnore
 6. Shri Santosh Bagrodia
 7. Shri Jagmeet Singh Brar
 8. Shri A.B.A. Ghani Khan Choudhury
 9. Shri Amar Roy Pradhan
 10. Shri C.K. Jaffer Sharief
 11. Prof. Ummareddy Venkateswarlu

A meeting was held in the Ministry of Power on 11.5.2001 with
Chief Secretary, Government of Manipur, where it was decided that an
arrangement would be worked up in the next few months so that
work could commence by 1.10.2001 on food distribution.
Approval of CRPF personnel would be decided after a meeting
in the next month in Manipur with D.A., CRPF, State Chief, security
and A.P. Areas where security presence is necessary would be
identified and types of accommodation suggested.

As far as the security situation in Manipur it has not been possible
to start work at the present. Time and cost estimates on the project is
likely to be high.

Ministry of Power (SI No. 28-2001/5/282-Red. Dated: 06.12.2001)

Chairman of the Committee

Reference to Paragraph 28 of Chapter I of the Report

New Delhi,
19 December 2001
29 Agrawal, 1243 (India)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy

INTRODUCTION

1. I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this 23rd Report on the Action Taken by the Government on the recommendations contained in the 16th Report of the Standing Committee on Energy on the Demands for Grants (2001-02) of the Ministry of Power.

2. The Sixteenth Report of the Standing Committee on Energy was presented to Lok Sabha on 19th April, 2001. Replies of the Government to all the recommendations contained in the Report were received on 27th August, 2001.

3. The Sub-Committee on Action Taken Reports as well as Standing Committee on Energy considered and adopted this Report at their sitting held on 12th December, 2001.

4. An Analysis of the action taken by the Government on the recommendations contained in the Sixteenth Report of the Committee is given at Annexure-III.

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;
December 14, 2001
Agrahayana 23, 1923 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

[Ministry of Power CM No. G-20020/5/2001-8ud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 14 of Chapter I of the Report)

2

Mismatch between Thermal and Hydel Projects
Recommendation (Sl. No. 4, Para No. 2.2)

CHAPTER I

REPORT

This Report of the Committee deals with the Action Taken by the Government on the recommendations contained in the 16th Report (13th Lok Sabha) of the Standing Committee on Energy on the Demands for Grants (2001-2002) of the Ministry of Power which was presented to the Lok Sabha on 19th April, 2001.

2. Action taken notes have been received from the Government in respect of all the 34 recommendations contained in the Report. These have been categorized as follows:—

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

Sl. Nos. 5, 10, 11, 15, 16, 19, 20, 22, 24, 27, 29, 30 and 34

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

Sl. Nos. 1, 2, 3, 6, 7, 9, 12, 17, 18, 21, 25, 26

(iii) Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee:

Sl. Nos. 13, 14, 31, 32 and 33

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

Sl. Nos. 4, 8, 23, 28

3. The Committee desire the final replies in respect of recommendations for which only interim replies have been given by the Government ought to be furnished to the Committee within 3 months.

4. The Committee will now deal with action taken by the Government on some of their recommendations.

Mismatch between Thermal and Hydel Projects

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

5. The Committee had observed that the mis-match between thermal and hydel power had gone up to the tune of 80:20 against the desired ratio of 60:40. The Committee were unhappy to note that only 17% of the total of 1,50,000 MW of hydel power in the country could be exploited so far, due to reported problems of lack of funds, land acquisition, rehabilitation & reclamation, law & order, etc. During the year 1997-98 out of a total of 38 hydro electric power projects in Central, State and private Sectors, 24 slipped and for the year 1998-99, 13 hydro schemes slipped out of a total of 25 targeted to be commissioned. The Committee had recommended that a contingent plan be framed by the Government to complete the hydel projects as targeted and desired that the Government should apprise the Committee about this contingent plan.

6. In their reply, the Government have stated that there have been two major slippages in the hydro capacity addition in the 9th Plan on account of THDC (1000 MW) and NJPC (1500 MW). The work in the Tehri region was affected due to a long agitation and in the case of NJPC, flash floods of August, 2000 have derailed the commissioning schedule. The performance of NEEPCO in the 9th Plan has been alright since with the exception of Kopli II (25 MW), all other units have been commissioned during the Plan period as targeted. The Dulhasti (390 MW) project of NHPC which was originally targeted to be commissioned in the 9th Plan was delayed on account of failure of the Tunnel Boring Machine (TBM) thereby necessitating use of conventional methods.

7. The Government, have also stated that priority to hydro projects is being given since the present hydro thermal mix has dropped to 25:75 against a norm of 40:60. All ongoing hydro projects are extended full budgetary support so that they do not suffer on account of lack of funds. Separately, the Government has also introduced a three stage clearance for hydro projects which is expected to reduce the gestation lag considerably. In order to improve the exploitation of hydro potential in India, the CEA is conducting ranking studies of all the hydro basins in India so as to make a shelf of projects which could be taken up for speedy implementation. The ranking studies would be conducted in two phases. While the first phase will be preliminary, the second phase would be exhaustive.

(Please see Paragraph 8 of Chapter I of the Report)

8. The Committee are happy to note that all ongoing hydro projects are extended full budgetary support and they are not likely to suffer on account of lack of funds. Moreover, the three stage clearance for hydro projects are also expected to reduce the gestation lag considerably as reported by the Government. Although, the Government have stated that in order to improve the potential of hydro potential, CEA is conducting ranking studies of hydro basins to make a shelf of projects for their speedy implementation, the Committee failed to understand, why no contingent plan has been framed by the Government to implement the ongoing hydro projects as suggested by the Committee. The Committee, therefore, reiterate their earlier recommendation and would like the Government to inform the Committee of the contingent plan for implementation of ongoing hydro electric projects like THDC and NJHPP in a time bound manner at the earliest.

Budgetary Support to CPRI

Recommendation (Sl. No. 8, Para No. 2.46)

9. The Committee had observed that Central Power Research Institute (CPRI) render useful assistance to carry out power sector reforms and had successfully commercialized indigenous technology for energy observation and enhancement revenue earnings by temper-proof metering, etc. However, the budgetary support to CPRI on the decline for the last 3 years. It was brought down to Rs. 8.34 crore during 2001-02 from Rs. 25 crore budgeted during 1999-2000. Although the Government are of the view that autonomous bodies should become self-sufficient; the Committee had opined that an exception should be carved out for organizations engaged in basic R&D works and development of human resources in power sector. Accordingly, therefore, organization like CPRI be provided all necessary funds.

10. In their reply, the Government have stated that CPRI in September, 2000 was asked to explore the possibility of raising resources through Power Finance Corporation (PFC) and draw up a shelf of bankable projects. CPRI was also asked to send a proposal to the Ministry of Power for its R&D development expenditure and furnish a status report immediately. On the basis of the report received from CPRI, the need or otherwise for a review of CPRI funding requirement through budgetary support would be made at the RE stage in consultation with the Ministry of Finance.

11. The Committee are surprised to note that although Ministry of Power have asked CPRI to explore the possibility of raising resources through Power Finance Corporation and draw up a shelf of bankable projects in September, 2000, the reply of the Government is silent about the action taken by the CPRI in this regard. Although, the Government is reportedly acting as a catalyst and would act on the basis of report of CPRI to review its funding requirement through the budgetary support, the Committee cannot but deplore the way the Government/CPRI have taken action in raising/providing funds for R&D works and development of human resources in power sector since September, 2000. The Committee, therefore, stress that adequate funds should be provided to CPRI without any further delay so as not to hamper the R&D schemes for want of funds.

Kutir Jyoti and Single Point Connection Schemes

Recommendation (Sl. No. 10, Para 2.63)

12. The Committee had observed that targets of another rural electrification scheme of Kutir Jyoti which aim at electrification of rural households falling Below Poverty Line (BPL) level also show dismal performance. Against the provision of a grant of Rs. 65 crore during 2000-2001 for the release of 6.50 lakhs single point connections, only about 1.39 lakh Kutir Jyoti connections were released till 28.02.2001 and an amount of Rs. 31.42 crore was withdrawn. The achievement of Kutir Jyoti schemes in States of Assam, Bihar, Madhya Pradesh, Gujarat, Maharashtra, Uttar Pradesh and West Bengal fall far short of the targets fixed. Since Rs. 13.94 crore were needed for about 1.39 lakh connection, the Committee had desired to know the utilisation of remaining amount out of a total of Rs. 31.42 crore withdrawn during 2000-2001 for Kutir Jyoti connections.

13. In their reply, the Government have stated that against the allocation of Rs. 65 crore as grant under Kutir Jyoti programme for 2000-2001, an amount of Rs. 48.78 crore was disbursed. A total number of 5.04 lakh single point light connections were reportedly released by the SEBs/Power Departments of State Governments under this programme. As per the guidelines for implementation of Kutir Jyoti programme, the assistance is released in two installments. 50% of the grant amount is released to the SEBs/States immediately on sanction of their schemes and the balance 50% is released on completion of works/release of connections by them. As regards the States falling

short of the targets fixed, it is submitted that Assam, Goa, Haryana, Manipur, Orissa, Sikkim and West Bengal did not lift any grant allocated to them for this programme. Further, States of Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Maharashtra, Meghalaya, Punjab, Rajasthan and Uttar Pradesh did not lift fully the allocation made to them. Actual cost of release of such single point light connection being higher than the prescribed unit amount of grant under this scheme, and low tariff for such connections resulting in losses to them, pilferage, etc., are the major reasons for the reluctance of States to take up the programme and draw the allocation and release Kutir Jyoti connection. It is proposed to suitably enhance the admissible unit cost of connection per household. The Ministry of Power has also set up a Committee under the Chairmanship of Member (PS), CEA to review the existing guidelines of the programme.

14. The Committee are unhappy to note that Kutir Jyoti Programme, which aims at electrification of rural household including Dalit and Adivasi families falling Below Poverty Lines (BPL), have few takers. As against an allocation of Rs. 6500 crore as grant, during 2000-01, an amount of Rs. 48.78 crore was disbursed. The physical achievements were also pathetic, since only 5.04 lakh single point light connections could be released, as against target of 65 lakh, during the same period. States like Assam, Goa, Haryana, Manipur, Orissa, Sikkim and West Bengal did not lift any grant allocated to them. On the other hand States like Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Maharashtra, Meghalaya, Punjab, Rajasthan and Uttar Pradesh did not lift fully the grant made available to them. This clearly demonstrates that almost all the States have lost faith in the programme itself. The Committee find that actual cost of release of such single point being higher than the prescribed unit of grant and low tariff, pilferages are some of the reasons for the failure of this programme. The Committee have also observed that Government have constituted a Committee to review admissible unit cost of connection per household. The Committee, however, recommend that taking into consideration the above facts, Government should re-look at the programme itself, so that the objectives for which the programme was launched could be realized.

Clearances by CEA**Recommendation (Sl. No. 13, Para No. 2.88)**

15. Regarding clearance of Detailed Project Report (DPR) on schemes submitted to Central Electricity Authority (CEA) and according techno-economic clearances, the Committee had observed that CEA made a programme of six months for appraisal of power projects from the date of receipt of complete DPR as per guidelines circulated in June, 1999 to all the SEBs. However, the Committee had observed that these are delayed during the course of examination when deficiencies involving data/investigation, etc. were found in DPR and these are referred back to the Project Authorities. This had led to avoidable time and cost overrun of the projects. Taking note of the fact that CEA had constituted a Committee in November, 2000 to identify and recommend various measures for reducing the time required for appraisal of scheme leading to Techno-Economic clearances, the Committee felt that Government must take steps to enforce certification of commercial viability of power sector reforms, especially, hydro-electric power in one week. The Committee desired that techno economic clearances by CEA should be given within 6 months of the submission of DPR. The Committee also recommended that all other clearances including Environment and Forest, State Pollution Board and approval of the Cabinet Committee on Economic Affairs, if required should be considered and accorded within one month approval of DPR by CEA.

16. The Government in their reply have stated that the Committee on CEA has examined the time frame prepared for scrutiny of power projects, keeping in view the various issues and constraints involved in formulating the project. CEA recommended a time frame of 60-90 days, if DPR is completed in all the respects. It further, recommends that the notice for meeting all techno-economic clearance should be issued when all necessary inputs are in position and also all the techno-economic details have been sorted out. The Committee of CEA has recommended issue of techno-economic clearance within one month after issue of notice of TEC as recommended by the Standing Committee on Energy.

17. The Committee are happy to note that the Government have agreed that the techno-economic clearance should be issued within one month after issue of notice for meeting for techno-economic clearance when all the necessary inputs are in position and also the techno-economic details have been sorted out. However, the Committee, find that the reply of the Government is silent about the certification of commercial viability of power projects, especially, hydro-electric power projects in one week and clearances including Environment and Forest, State Pollution Board and approval of the Cabinet Committee on Economic Affairs, etc. within one month of approval of DPR by CEA as recommended by the Committee. The Committee, therefore, reiterate their earlier recommendations and desire the Government to take necessary action to implement the recommendations of the Committee at the earliest and apprise it of the action taken thereon.

Investments in Transmission & Distribution Sections

Recommendation (Sl. No. 14, Para No. 2.95)

18. The Committee had observed that the ratio of investment in Generation and T&D network gradually decreased during successive Five Year Plans. It came down from 1:1:33 during the 1st Plan to 1:0.51 during 7th Plan. During 8th and 9th Plan, the ratio was 1:0.53 and 1.0.69 respectively. The Committee were at pains to note that low investments in T&D especially Sub-Transmission & Distribution system had resulted in high percentage of losses in Transmission & Distribution of power. The Committee were at a loss to know that in spite of their earlier recommendations (3rd Report, 13th Lok Sabha) to give equal importance to generation and transmission projects and subject both to similar rates of customs and excise duty, the Government had failed to act accordingly. The Committee were constrained to note that the rate of effective total concessional customs duty applicable for power Transmission Projects at 50.82% as against 21.8% for Power Generation Projects was highly discriminately and recommended that transmission may be treated on par with generation. The Committee, therefore, reiterate their earlier recommendation and urge the Government (Ministry of Finance) to accord equal status and incentives to mega power projects both in-generation and transmission sectors in matters of customs and excise duty. The Committee had desired to know the action taken by the Government in this regard to improve the T&D system in the country.

19. The Government, in their reply have stated that various steps have been taken to improve the T&D system in the country. Accelerated Power Development Programme (APDP) has been launched wherein funds are being provided for Sub-Transmission & Distribution system with the objective of accomplishing reduction of T&D (Technical and Commercial) losses, improvement of revenue realization and supply of reliable and interruption free power. In the first phase, 60 distribution circles have been identified for implementing the programme of Upgradation of Sub-Transmission & Distribution System. Remaining Distribution circles in the country are also proposed to be taken up in a phased manner for improvement of Sub-Transmission & Distribution System. An amount of Rs. 1000 crore has been provided for R&M of Thermal and Hydro Power Station and improvement of Sub-Transmission & Distribution system in the year 2000-01. An amount of Rs. 1500 crore is available for R&M of Thermal & Hydro Power Station and Improvement of Sub-Transmission & Distribution System in the year 2001-02. The amount provided under APDP is to be released as additional Central Plan Assistance to the State Governments. The proposal is to be implemented over the period of 2000-01 to 2011-12. The SEBs/utilities have formulated schemes/projects for improvement of Sub-Transmission & Distribution System incorporating measures like adopting high voltage distribution system with installation of small capacity distribution transformers for feeding a smaller number of consumers, installation of capacitors for power etc.

20. The Government also informed that Committee of Experts have formulated the manuals/guidelines to achieve the objective of reducing T&D (Technical as well as Commercial) losses, reliability of power supply and to operationalise energy accounting at 11 KV feeders level so as to operate it as a profit centre. Guidelines have also been prepared by the Committee for training of personnel engaged in Sub-Transmission & Distribution Systems. The draft manuals/guidelines have been circulated to the SEBs/power utilities. These manuals would help the SEBs in taking up the improvement of Sub-Transmission & Distribution network in a proper manner. The Government of India is also providing funds under non-lapsable central pool of resources for improvement in Sub-Transmission and Distribution System in the North East States and Sikkim. The scheme for funding of Sub-Transmission & Distribution Systems in North-East and Sikkim has been prepared by CEA in July, 1999 and an amount of Rs. 52 crore was provided to the States in the year 2000-01. An allocation of Rs. 83.49 crore has been recommended by CEA for the year 2001-02 for these projects. This would help in upgradation of Sub-Transmission & Distribution System in the North-East region and Sikkim for improvement in quality and reliability of supply and reduction of T&D losses.

21. Regarding bringing down the rate of effective total concessional customs duty applicable for Power Transmission Projects on par with that of Power Generation Projects the Government (M/o Power) informed that the matter has been taken up with Ministry of Finance.

22. Regarding investment schemes in transmission and distribution sector, especially sub-transmission and distribution system, the Committee observe that the Government have launched Accelerated Power Development Programme (APDP) whereby funds will be provided for sub-transmission and distribution system with the objective of accomplishing reduction of T&D losses. The Government have stated that in the first phase, 60 distribution circles have been identified for implementing the programme for upgrading sub-transmission & distribution system and the remaining distribution circles will be taken-up in a phased manner. However, the reply of the Government is silent about the implementation programme in the first phase and the period by which remaining distribution circles of the country will be taken up to improve sub-transmission and distribution system. The Committee desire to know information regarding implementation of R&M of thermal and hydro power stations during the year 2000-2001 and 2001-02 for which an amount of Rs. 1,000 crore and Rs. 1500 crore respectively had been provided. The Committee, are constrained to note that although the Government have informed that funding of sub-transmission and distribution system in North-East and Sikkim prepared by CEA in July, 1999 and an amount of Rs. 52 crore disbursed during 2000-01, reply of the Government is silent about the improvements made in sub-transmission and distribution system in the North-Eastern states and Sikkim. The Committee, therefore, desire to know the resultant improvements achieved by utilization of funds during 2000-01 & 2001-02. The Committee are dismayed to observe that although they (Committee) repeatedly recommended to accord equal status and incentives to power projects both in generation and transmission sector and rate of concessional customs duty be also applicable to transmission sector the same has not been extended to it so far. The Committee would, therefore, desire the Ministry of Finance to inform the Committee of the action taken in this regard. The Committee also feel that 'R&M' and 'Improvement of Sub-Transmission & Distribution System' are two entirely different schemes and as such separate provisions should be made for these two schemes.

Evacuation Facilities for Power Projects

Recommendation (Sl. No. 15, Para No. 2.110)

23. The Committee were constrained to note that Transmission & Distribution of electricity had not been given the desired attention. The absence of proper evacuation facilities had resulted in accumulation and wastage of power generated. The Committee had expected that with financial support through Accelerated Power Development Programme (APDP) for strengthening Sub-transmission & distribution network, the T&D losses would be minimized. Regarding failure of POWERGRID to set-up associated transmission lines during 2000-01, the Committee had been informed that it was due to delay in NTPC Projects not coming up as scheduled. The Committee had observed that due to failure of generating projects, the IEBR component of POWERGRID go haywire and associated transmission project, also got delayed. The Committee, therefore, had recommended that indemnity arrangement should exist for the mismatch between generation and transmission projects to ensure targeted completion of the projects.

24. POWERGRID has been facing a problem in recovery of tariff for transmission projects, which are being under-utilised or unutilised due to delay in commissioning of associated generation projects. For example, the Transmission System associated with Nathpa-Jhakri and Dulhasti Hydro-electric projects have been commissioned much ahead of the generation projects. SEBs have objected to payment of transmission tariff in such cases.

25. Keeping in view the need for an indemnification mechanism between NTPC and POWERGRID for ensuring timely completion of projects and at the same time avoiding excessive burden on the consumers in the form of Higher tariff, the following mechanism for indemnification has been approved:

- (i) NTPC would pay full IDC (of POWERGRID) upto a period of 6 months from the scheduled date of commissioning in the event of delay in commissioning of generation project.
- (ii) POWERGRID would pay 35% of IDC (of NTPC) upto a period of 6 months from the scheduled date of commissioning in the event of delay in commissioning of the associated transmission system.

26. Similar indemnification arrangement between the generating and transmission companies in respect of Hydel Projects is being worked out and the matter is under consideration in the Ministry of Power.

27. The Committee are happy to note that there exist indemnification mechanism between NTPC and Power Grid Corporation of India Ltd. where-under compensation is paid, in the event of delay in commissioning of project. In the opinion of the Committee such a mechanism impart accountability, in ensure timely completion of the project and at the same time avoid excessive burden on the consumers in the form of higher tariff. However, the Committee find that such mechanism does not exist in respect of Hydel projects. In this context, the Committee may like to point out the cost and time-overrun have been pre-dominantly observed in Hydel rather than thermal projects. The Committee, therefore, recommend that in order to ensure timely completion of power projects, an indemnity mechanism should exist in all power generation and transmission PSUs, including lignite and Atomic Power Stations. Accordingly, projects of NTPC, NHPC, NEEPCO, DVC, BBMB, THDC, NJPC, NLC, NPCIL and Power Grid should invoke an indemnity agreement.

Implementation of Tailpool Dam

Recommendation (Sl. No. 23, Para No. 2.139)

28. Regarding Tailpool Dam, the Committee had observed that no concrete action had been taken by the Government since the Standing Committee on Energy, in their Third Report (13th Lok Sabha) on Demands for Grants, 2000-01 of Ministry of Power presented in April, 2000. The Committee had expected that the Report of the 'Committee' constituted by Damodar Valley Corporation (DVC) in July, 2000 with a representation from Government of Bihar (now Jharkhand), West Bengal and DVC had held discussions with Project Affected Families for implementing Rehabilitation & Resettlement (R&R) measures and the steps required to be taken for restarting the work on the project should have been submitted for information of Standing Committee on Energy. The Committee had desired that local MPs and MLAs should be associated by the 'Committee' constituted by DVC for holding discussion with the Project Affected Families so that the project can be started at the earliest.

29. The Government, in their reply have stated that the primary reason for closure of the Panchet-Tailpool project was the failure of District Authorities to provide protection because of repeated agitations of land awardeer of the two States. The 'Committee' was constituted by DVC to hold discussions with Project Affected Families after R&R and steps required to be taken for starting work in the project. The Committee met twice in August and September, 2000 and decided that identification of land awardees and decision on final R&R package after discussion with the affected persons will be furnished by the District Authorities which is still awaited.

30. The Committee take a strong note of the fact that in spite of their recommendation in Third Report (13th Lok Sabha) presented in April, 2000, no concrete action has been taken by the Government to implement the Tailpool Dam. Moreover, the Government have not responded to the Committee's recommendations to include local MPs and MLAs in the 'Committee' constituted by DVC for holding discussions with the Project Affected Families to enable DVC to start the project at the earliest. The Committee feel that the Government have taken a casual approach for implementation of the Committee's recommendation and have not taken any decision on the future of the Tailpool Dam so far. The Committee, therefore, recommend that the Government should re-evaluate the project from techno-economic angles. At the same time, local MPs and MLAs be nominated to the 'Committee' constituted by DVC, so that final R&R package could be worked out.

Loktak H.E. Project of NHPC

Recommendation (Sl. No. 28, Para No. 2.154)

31. The Committee had noted that the work on Loktak HE project in Manipur was at a stand still after incurring an expenditure of Rs. 14.19 crore till February, 2001. The Committee were constrained to note that geological and geo-technical exploration works at dam and power house site supposed to be resumed in November, 2000 could not be restarted due to non-availability of adequate security. Although in a meeting held on 4.8.2000 in the Ministry of Power a decision was taken to deploy a battalion of CRPF by 1.10.2000 the same could not take position due to non-availability of accommodation at project site. The local residents/villagers had also obtained a Stay Order from High Court at Guwahati against the formulation of a fresh 'Committee' by the State Government of Manipur to go into the quantum of land and crop compensation payable on account of execution of the project.

32. In this connection the Government have stated that the State Government was requested to resolve the issues outstanding at the earliest to enable the activities to commence at the project site. Stay Order has since been vacated and a fresh Committee has been constituted to go into the quantum of land and crop compensation payable. A meeting was held in Ministry of Power on 11.6.2001 with Chief Secretary, Government of Manipur and it was decided that all arrangements would be firmed up in the next two to three months and the work should commence by 1.10.2001 on road construction. Accommodation of CRPF personnel have to be decided after a meeting to be held shortly in Manipur with DIG, CRPF, State Government officials and National Hydro-Electric Power Corporation (NHPC). Time and cost overrun on the project is likely to be high and the work at the project site could not be started due to security situation in Manipur.

33. The Committee are not convinced with the reply of the Government that the work at Loktak H.E. project could not be started at the site due to adverse security situation in Manipur. According to the Government, law and order problem and other security related aspects have many a time, delayed development projects in North-Eastern Region. It is rather surprising that accommodation was not provided to CRPF battalion, which was deputed to provide security cover to the project, although, it was decided to deploy the CPRF battalion by 1.10.2000. The Committee, cannot, but deplore the way the Government/NHPC have prioritised the HE projects in the North-Eastern States especially taking into account the deteriorating Law and Order situation which is averse in the implementation of these projects. Taking note of huge untapped hydel potential in North-Eastern States, the Committee feel that the Government/NHPC will at least now take all necessary steps to implement the project as decided in a meeting held on 11.6.2001 with Chief Secretary, Government of Manipur for implementation of the project. The Committee would also like to be apprised of Time and cost overruns of the projects, follow-up action taken to obtain Revised Cost Estimates etc. and other plans formulated to implement the project in a time bound manner. The Committee would like to emphasise that Government should assess the security environment before taking up any Hydel projects in North-East Region. The expenditure incurred on providing security should form component of projects-cost.

Implementation of Nathpa Jhakri Hydro Electric Project**Recommendation (Sl. No. 31, Para No. 2.166)**

34. The Committee had observed that although NJHEP was sanctioned in April, 1989 for execution, the major civil works were awarded four years later in 1993 and the works commenced in 1994. As a result of delayed start, the cost estimates had gone up from Rs. 4337.95 crore at 1993 price level to Rs. 7666.21 at June, 1998 level. The Committee were of the opinion that huge time and cost overrun of power projects had become a routine affair and the plan targets for the year had never been achieved in respect of majority of projects under implementation. The Committee had, therefore, recommended that the Government/power sector utilities should ensure implementation of projects as per DPR prepared and approved. Taking strong note of delays, the Committee had recommended that steps should be taken by the Government to strengthen project monitoring and implementation schedule to ensure that projects did not get further delayed. The Committee, had also desired that the responsibility be fixed for delay in implementation of projects and the guilty be punished. Regarding measures to control damage to the projects, in case of floods or other natural calamities, the Committee were constrained to note that no effective steps were taken to prevent heavy losses suffered in August, 1997 due to unprecedented clouds bursts and flash floods. The Committee were concerned to note that in spite of its (Standing Committee on Energy) observations and warning during their study visit to NJHEP site (NJPC), Shimla during June, 2000 to take flood control measures, the NJPC authorities/Government had not taken a serious note of it and again huge losses due to damage of infrastructure and main projects work have been incurred in July, 2000. The Committee would, therefore, like to know why safety measures were not taken earlier and even after the advice given by Committee during their visit to project site. Although, the Government had stated that restoration work would be completed by April, 2001, final assessment of losses to equipment and other infrastructure were yet to be carried out. The Committee were constrained to note that responsibility had not been fixed so far for causing gross negligence in the safety of the project and it was only now some steps had been proposed to be taken-up to avoid recurrence of losses due to floods. The Committee had desired to know information regarding safety aspects in the Detailed Project Report (DPR) of the NJHEP project approved by the Government/CEA and the measures, which were to be taken in such an eventuality but were not taken in the implementation of the projects.

35. Prior to the devastating flood of August, 2000, the construction work was going on at the project to achieve the commissioning schedule of March, 2002. The Standing Committee on Energy visited the Project site in June, 2000 and reviewed the losses suffered in August, 1997 flood and pointed out that immediate action should be taken by NHPC to avoid damages on account of recurring floods. The safety measures as provided for NJHEP in the DPR/Designs were reviewed. In accordance with the provisions, the design flood of the project was worked out as 5,660 m³/sec having a frequency of 1 in 10,000 years. The Power House of such an eventuality has been designed for a flood level of 1026 m and a permanent protection wall to this level of 1026 m was planned to be constructed. It is a normal practice to provide protection during construction stage against flood with return period of about 10-20 years in accordance with the norm of ICOLD (International Conference on Large Dams) and 1 in less than 100 years norm of Bureau of Indian Standards (BIS). The design of the project envisaged safety measures more than the norms of ICOLD and BIS. Unfortunately, the flood of August, 2000 of 6500 m³/sec with a frequency of 1 in 61000 years has surpassed all calculations and safety measures taken thereof and caused devastation in the Nathpa Jhakri Project. It may be mentioned that this flood discharge of 6500 m³/sec is a indicative figures only since there are no authentic means to verify the flood discharge and the river bed level had risen 5 to 6 meters prior to the August, 2000 flood, for which the need for dredging the river bed (to maintain the river bed at the level on which the permanent protection system was designed), had been envisaged earlier.

36. NJPC is now working out revised cost estimates/commissioning schedule of the project for obtaining the investment approval of the Government. This has become necessary because of the effect of the devastating flood of August, 2000. It may be relevant to point out while processing the case for obtaining the Government approval to the revised cost estimates/revised commissioning schedule, the reasons for time and cost overrun will be looked into by the Standing Committee, headed by Additional Secretary (Power) for the fixing responsibility for cost and time overrun and the observations of the Standing Committee on Energy will be placed before it while looking into the reasons for time and cost overrun.

37. The Committee are surprised to note that in spite of plethora of monitoring conducted at Corporation, Ministry of Power, Ministry of Programme Implementation & Prime Minister's Office levels, the cost and time overrun of the Nathpa-Jhakri Hydro-electric Power Project, is on the rise unabatedly. A project which was conceived in 1989, with a cost of Rs. 1678.02 crore, is now estimated to cost Rs. 7666.31 crore at June, 1998 price level. The Committee find that adequate budgetary support is provided to all power sector hydel PSUs including NJPC. During this year also liberal budgetary support was extended to NJPC. Now, also a budgetary support to the tune of Rs. 258 crore has been sanctioned as supplementary demand for this project. The Committee's examination has revealed that the project suffered a great deal on account of natural calamities, such as flash flood, cloud burst etc. Probably these factors were not adequately taken into consideration while formulating DPR. In the opinion of the Committee Ministry of Power, NJPC and the Project Appraisal Authority *i.e.* CEA have failed miserably to take appropriate action, *ab-initio i.e.* at the formulation of Detailed Project Report (DPR) stage. On these eventualities, the Committee, therefore, recommend to the Government to take appropriate measures to ensure that DPR is formulated scientifically and even minute details of project, taken care of. At the same time, the Committee would like to remind the Government the imperative need to strengthen Project Formulation and Implementing machinery, so that projects are commissioned in time and as per approved DPR. The Committee would also like the Government to execute the project within the revised time schedule in view of liberal budgetary support provided to NJPC.

38. The Committee have observed that final estimates of loss incurred to the project consequent upon flash foods in July/August, 2000 have not been revealed to the Committee. Moreover, information about safety aspects in DPR of NJPC project approved by Govt./CEA and measures, which were to be taken in such an eventuality but not taken in the implementation of projects has also not been shared with them. The Committee would like to be apprised of these details.

Project Implementation by NEEPCO

Recommendation (Sl. No. 32, Para No. 2.172)

39. The Committee had noted that the budgetary provisions (IEBR) during 2001-02 for Tuivai Hydro-Electrical Project of North Eastern Electric Power Corporation (NEEPCO) were drastically reduced by Rs. 20 crore as the project could not get sanction. The Committee were constrained to note that due to low investments during the year 2000-01 and proposed for the year 2001-02, a number of projects are likely to be adversely affected. In spite of their earlier recommendations that steps should be taken to set achievable targets and IEBR projections, the Government has done little to implement the suggestion. Although a number of projects are being executed by NEEPCO like Tuirial HE Project (60MW), Kopili HE Project Stage-I (25MW), Doyang HE Project (75MW), Ranganadi HE Project (405MW), Tipaimukh HE Project (1500MW) etc., the Government have reduced IEBR and total Plan outlays during 2001-02 as compared to 2000-01 for NEEPCO.

40. In this connection, the Government have furnished the details of the Gross Budgetary Support (GBS) and Internal Extra Budgetary Resources (IEBR) pertaining to NEECO for various Projects for the year 2000-01 and 2001-02. These are given below:

(Rs. in crores)

		B.S.	IEBR	Total
2000-01	BE	122.00	83.26	205.26
	RE	122.00	0.00	122.00
2001-02	BE	125.00	86.72	211.72

NEEPCO has three Projects viz. Ranganadi HEP (405 MW) in Arunachal Pradesh. Tuirial HEP (60MW) in Mizoram and Kopili HEP Stage-II (25MW) in Assam under execution. The Ranganadi HEP is being funded by the North Eastern Council. Ministry of Home Affairs and as such the provision of this Project is not included in the budget of the Ministry. The provision of IEBR of Rs. 83.26 crore during 2000-01 was made to utilize direct foreign assistance from JBIC for execution of Tuirial HEP (60MW). However, during the year, NEEPCO was unable to award works for various packages due to various reasons including the impact of the law & order situation at the Project site when engineers/staff were kidnapped by the militants. Therefore, the provision of Rs. 83.26 crore made for the year 2000-01 was to be surrendered. NEEPCO proposes to award the works in 2001-02 for which a provision of Rs. 86.72 crore is proposed for the year 2001-02 as IEBR.

41. It may also be mentioned that *w.e.f.* June, 2001, a procedure of 3 Stage development for Central Sector Hydro Projects has been introduced. While the activities like Survey & Investigation and preparation of pre-feasibility reports comes under Stage-I, preparation of DPR and pre-construction activities and development of infrastructure are stage II activities. Actual execution of the project after investments approval of the Govt. is covered under Stage-III. All the activities of Stage-I & II are planned to be funded from the budgetary resources of the Ministry. It is because of these reasons NEEPCO was not able to make any provision under IEBR for various Projects likely to be taken up such as Kameng (600 MW), Tipaimukh (1500 MW) and Tuivail HEP (210 MW).

42. The Committee have observed that although foreign assistance from JBIC for execution of Tuirial HEP (60 MW) project was obtained and a provision of Rs. 83.26 crore were made during 2000-01, but surprisingly the entire amount was surrendered. The Government have stated that the provision could not be utilised as NEEPCO was unable to award works for various packages due to "various reasons" including impact of the law and order situation. The Committee are distressed to find the way the project implementation is delayed by NEEPCO. The Committee would like to know the various reasons due to which the works at Tuirial HEP could not be awarded. The Committee also desire that the Government should ensure the safety of engineers/staff at project sites by deputing desired level of security personnel. The Committee desire to know the present status of works going on at Tuirial project. The Committee will also like to know the present status Tuivai HEP of NEEPCO for which Rs. 20 crore were budgeted during 2001-02.

Delayed Implementation of Tipaimukh HEP

Recommendation (Sl. No. 33, Para No. 2.173)

43. Regarding implementation of Tipaimukh HEP, the Committee were unhappy to note that in spite of their recommendation to NEEPCO in their 3rd Report (13th Lok Sabha) on Demands for Grants of Ministry of Power (2000-01) to implement the Project as a fast track power project, the NEEPCO submitted Detailed Project Report (DPR) for approval of State Government of Manipur on 15.12.2000 whereas NEEPCO was authorized to go ahead with Survey and Investigation (S&I) by Manipur Assembly on 15.12.1999. The Committee had expected

that Central Electricity Authority (CEA) to whom DPR was submitted simultaneously would have cleared the project and had desired that NEEPCO should make all out efforts to get the project cleared by Government of Manipur. The Committee had expected that with the provision of Rs. 20 crore in the Budget Estimate of 2001-02 for the project all necessary studies like Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) will be carried out successfully. The Committee had desired that construction work on the project should start during the 9th Plan itself and project benefits should be targeted to be achieved during 10th Plan. The Committee had desired to be apprised of the action taken by the Government in this regard.

44. The Government in their reply have stated that they are keen to implement Tipaimukh HEP (1500 MW) in Manipur. The MoU with State Government of Manipur could not be signed by NEEPCO so far. According to the NEEPCO, the signing of MoU may further get delayed because of the reason that the draft MoU needs to be cleared by the State Cabinet to allow NEEPCO to take up the execution of the project in accordance with the provisions of the resolution adopted on the floor of the State Assembly. In the meantime, NEEPCO had already applied for the site clearance from the Ministry of Environment & Forests (MoEF) and a team of officials from the MoEF personally visited the site. MoEF team proposed to visit the site again during the dry season. NEEPCO has also approached the State Governments of Mizoram and Assam for obtaining their 'No Objection' for the execution of the Project. While Mizoram Govt. has conveyed their in principle 'No Objection' in August, 2001, the response of State Govt. of Assam is awaited.

45. It is further submitted that the Tipaimukh HEP is to be executed under the new procedure of 3-Stage development of Central Sector HEPs. The preparation of feasibility report is already over. NEEPCO has to work out detailed plan for obtaining the approval of the Central Govt. for Stage-II activities like construction of infrastructure works, initiation of action for land acquisition etc. Once the MoU is signed between NEEPCO and the State Government of Manipur and Mizoram, action would be initiated for according approval of the Government for carrying out activities like development of infrastructure, initiating action for land acquisition, etc. under State II of 3-Stage procedure.

46. The Committee do not appreciate the lackadaisical approach of the Government regarding Tipaimukh Hydel Project. It has been brought to the notice of the Committee that MoU between Government of Manipur and NEEPCO is yet to be signed and thereby the execution of the project delayed considerably. In view of the fact that Manipur is under President Rule, the Committee desire that Government should take up the matter with North Eastern Council for passing a resolution, in regard to execution of this project expeditiously. At the same time, the Committee desire that NEEPCO should pursue and obtain 'NOC' from State of Assam for the execution of the project. NEEPCO should also take appropriate action to obtain Environment & Forest clearance, submit draft DPR for scrutiny by CEA etc. and all other steps to ensure that project go on stream soon and benefit accrued in the 10th Plan.

Commissioning of Tehri Hydro Electric Project

Recommendation (Sl. No. 34, Para No. 2.179)

47. The Committee had noted that the Commissioning schedule December, 2002 of Tehri Hydro-Electric Project Stage-I is likely to be further delayed since the Old Tehri Town was yet to be fully vacated. The Committee were constrained to observe that although that Project Affected Families (PAF) had been allotted plots/flats/compensation, there were still 2336 PAFs who had not vacated the Old Tehri Town although envisaged to be vacated by March, 2001. The Committee were further concerned to note that this had resulted in non-closure of Tunnels T-3 and T-4 and an estimated revenue loss of approximately Rs. 3 crore per day on account of non-generation of electricity in addition to the cost over run due to escalation on balance work and an interest burden on loan portion. The Committee had failed to understand the reason why the vacation of Old Tehri Town was not completed as targeted by March, 2001 in spite of allocation of plots/flats and compensation to the land oustees. It was surprising that 25 serving employees of THDC were staying with their parents/families in the town. The Committee had strongly urged the Government that all necessary steps should be taken to immediately get the Old Tehri Town vacated by the unauthorized occupants and especially by 9 Government/Semi Government/educational & financial institutions who were responsible for further escalation of project cost. The Committee had desired to know the immediate action taken by the Government in this regard.

48. According to the project authorities, namely, Tehri Hydro Development Corporation (THDC) in close coordination with the concerned authority in Uttaranchal looking after the rehabilitation of project affected persons of Tehri HEP: had made all preparations for the closure of Diversion Tunnels T-3 & T-4 in March, 2001 despite the agitation by a section of local population. Unfortunately, the planned closure of these Tunnels could not be achieved in March, 2001 mainly because of agitational approach resorted to by the Vishwa Hindu Parishad (VHP) and joined by Shri Sunderlal Bhauguna as a result of which 11 Member Committee headed by Dr. Murli Manohar Joshi, Minister for Human Resource Development was constituted on 10th April, 2001 to go into the concerns raised *viz.* (i) seismic safety of Tehri Dam in the wake of Bhuj Earthquake (ii) possible impact of Tehri Dam on self-purification quality of Ganga Jal etc. With the plugging of right bank Diversion Tunnels T-3 & T-4, the water in the river shall start heading up till the reservoir level reaches 632 m and the flow commences through the left bank Diversion Tunnels T-1/T-2, the water level would then rise to about 640 m during non-monsoon period, and may rise upto EL 706 m in monsoon period, depending upon the flood magnitude. The Old Tehri Town is located between EL 635 m and 660 m. Therefore, with the closure of Diversion Tunnels, the portions of Town situated at lower levels would get submerged during the monsoon period.

49. With a view to minimize the delay in the commissioning of the project, a decision was taken in consultation with THDC and the Government of Uttaranchal to close these diversion tunnels in November-December, 2001. It may be submitted that only three Government officers are left to be shifted. The Government offices mainly Police Station, Fire Station and Hospitals being essential services. There have been planned to be shifted in the first place and necessary arrangements for their shifting have been completed in New Tehri Town. The serving employees of THDC who are staying with their parents shall also be shifted along with the population.

50. THDC has commenced closing these tunnels *w.e.f.* 2nd December, 2001 as a result of all the four units of the Tehri Project of 250 MW each are to be commissioned by August, 2003.

51. The Committee observe that although Project Affected Families had been allotted plots/flats/compensation, 2336 Project Affected Families have yet to be vacated from old Tehri town though envisaged to be vacated by March, 2001. The Committee are, further, constrained to note that the Government/Tehri Hydro-Electric Development Corporation (THDC) have not taken any concrete steps for shifting of these people in new Tehri town and have stated that the serving employees of THDC who are still staying with their parents in old Tehri town shall be shifted along with other population. The Committee are unhappy with this casual approach taken by the Government/THDC in implementation of the project and stress that these should be shifted immediately. The Committee are further constrained to note that diversion tunnels T-3 and T-4 for which all preparations were made and were to be closed by March, 2001, the planned closure could not be implemented due to agitation by local people. The Committee take a strong note of the fact that the Government have further constituted 11 Member Committee on 10th April, 2001 to go into the certain concerns *viz.* seismic safety of Tehri Dam and possible impact of Tehri dam on self-purification quality of Ganga Jal etc. after spending so much money on the project. The Committee feel that constitution of such Committee at this stage will not only delay the implementation of the project but would also add to the cost overrun due to escalation on balance work and interest burden on loan portion. The Committee, therefore, desire the Government to close the diversion tunnels in November-December 2001 as per the decision taken in consultation with THDC and the Government of Uttaranchal. Although the Government have stated that the closing of these tunnels has commenced *w.e.f.* 2nd December, 2001, the Committee would like to know the likely completion of this work. As per the revised implementation programme, the THDC project was scheduled to be commissioned in December, 2002. The Government have now stated that the project with all the four units of Tehri project of 250 MW each is to be commissioned by August, 2003. The Committee would await the conclusive action taken by the Government to get the old Tehri town vacated at the earliest.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

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

The Committee also note that the additional Hydro-electric power generated during 1999-2000 was 1297MW against 2263MW of additional thermal power. For 2000-01 also (upto January, 2001) an additional 896.25MW of hydel power was generated against 1059.20 MW of thermal power. In view of the widening gap between the thermal-hydel power generation in spite of increased investments in hydel projects during the last 3 years, the Committee are of the opinion that the gap increased only because of a large slippage of hydel projects to 10th Plan and less investment in hydel sector as compared to thermal power projects. The Committee therefore recommend that in view of the increasing gap between the thermal-hydel mix of power generation, steps should be taken for more investments in hydel generation during 10th & 11th Plan periods. In this regard the Committee would like to know the details of perspective plan of investment in 10th & 11th Plans separately.

Reply of the Government

During the year 1999-2000, the capacity addition had been of the order of 4507.50MW against a target of 4685MW. The hydro capacity addition for the year was 1371.50MW against a target of 1563MW.

Recognising the importance of hydro power being a clean source of energy with non-inflationary tariff and also to correct the adverse hydel-thermal mix (25:75 against an ideal of 40:60), it has been decided to substantially step up the contribution of hydel generation in the 10th and 11th Plans (35,000MW against existing generation capacity of 25,000MW). A new Hydro Power Policy was also introduced in 1998.

The following initiatives have been taken among others to accelerate hydro generation.

- A three stage clearance process for hydro projects has been introduced to enable survey work, land acquisition, preparation of Detailed Project Report (DPR); development of infrastructure like access roads, bridges; conduct of Environmental Impact study (EIA), formulation of Environment Management Plan (EMP) including Catchment Area Treatment (CAT) and to facilitate statutory clearances and speedy project construction. The objective is to complete the preparation of DPR and obtain all necessary statutory clearances in 1¹/₂ to 2 years and thereafter complete the project within 5 to 6 years from the date of investment approval.
- Higher budgetary allocation for hydro projects. In 2001-02, the allocation for NHPC projects has been more than doubled from Rs. 620 crores in 2000-01 to Rs. 1278 crores in 2001-02.
- The Central Electricity Authority has been directed to do a ranking study to enable systematic development of the balance hydro potential, estimated at about 100,000 MW.
- Taking over/forming joint ventures with State utilities to accelerate languishing State Sector projects.

These measures will enable the Government to correct the hydro-thermal mix to a great extent. The capacity addition targets for the 10th Plan for Ministry of Power have been tentatively finalised at 43383.55 MW. A statement giving details of hydro and thermal capacity addition (tentative) for the 10th Plan is annexed.

[Ministry of Power, O.M. No. G-20020/5/2001-Bud. Dated: 06.12.2001]

ANNEXURE

**Overall fuel based Capacity addition during
Xth Plan period (Tentative)**

(All figs. in MW)

Sector	Hydro (overall)	Coal		Lignite	Thermal		Liquid fuel	Overall Thermal	Overall projects
		Indigenous	Imported		Gas	Overall			
Central	9295.00	11080	0.0	0	500.0	0	11580.0	20875.00	
State	4933.85	5085	0.0	825	761.1	165	6836.1	11769.95	
Private	1580.00	2420	506.6	750	4982	500	9158.6	10738.60	
	15808.85	18585	506.6	1575	6243.1	665	27574.7	43383.55	

Recommendation (Sl. No. 10, Para No. 2.63)

The Committee also observe that targets of another rural electrification scheme of Kutir Jyoti which aim at electrification of rural households falling Below Poverty Line (BPL) level also show dismal performance. Against the provision of a grant of Rs. 65 crore during 2000-01 for the release of 6.50 lakhs single point connections, only about 1.39 lakhs Kutir Jyoti connections were released till 28.02.2001 and an amount of Rs. 31.42 crore was withdrawn. The achievement of Kutir Jyoti Schemes in States of Assam, Bihar, Madhya Pradesh, Gujarat, Maharashtra, Uttar Pradesh and West Bengal fall far short of the targets fixed. Since Rs. 13.94 crore are needed for about 1.39 lakh connections, the Committee would also like to know the utilisation of remaining amount out of a total of Rs. 31.42 crore withdrawn during 2000-01 for Kutir Jyoti connections.

Reply of the Government

Against the allocation of Rs. 65 crore as grant under Kutir Jyoti programme for 2000-01, an amount of Rs. 48.78 crore was disbursed. A total number of 5.04 lakh single point light connections were reportedly released by the SEBs/Power Departments of State Governments under this programme. As per the guidelines for implementation of Kutir Jyoti programme, the assistance is released in two instalments. 50% of the grant amount is released to the SEBs/States immediately on sanction of their schemes and the balance 50% is released on completion of works/release of connections by them. The balance amount will be released after the SEBs/States report actual release of connections. State-wise details of connections released under Kutir Jyoti Programme and the grant disbursed during 2000-01 are given at the Annexure-I.

As regards the States falling short of the targets fixed, it may be stated that Assam, Goa, Haryana, Manipur, Orissa, Sikkim and West Bengal did not lift any grant allocated to them for this programme. Further, States of Bihar, Gujarat, Himachal Pradesh, J&K, M.P., Maharashtra, Meghalaya, Punjab, Rajasthan and Uttar Pradesh did not lift fully the allocation made to them. Actual cost of release of such single point light connection being higher than the prescribed unit amount of grant under this scheme, and low tariff for such connections resulting in losses to them, pilferage etc. are the major reasons for the reluctance of States to take up the programme and draw the allocation and release Kutir Jyoti connection. It is proposed to suitably enhance the admissible unit cost of connection per household. The Ministry of Power has also set up a Committee under the Chairmanship of Member (PS), CEA to review the existing guidelines of the programme.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 14 of Chapter I of the Report)

ANNXURE I

CONNECTIONS RELEASED/GRANT UTILISED DURING 2000-01

(Prov.)

Sl. No.	State	Connections Released*	Estimated grant utilised (Rs./lakh)
1	2	3	4
1.	Andhra Pradesh	130000	1300.00
2.	Arunachal Pradesh	6000	60.00
3.	Assam	1688	16.88
4.	Bihar	25342	202.74
5.	Goa	0	0.00
6.	Gujarat	4200	42.00
7.	Haryana	0	0.00
8.	Himachal Pradesh	2036	20.36
9.	J&K	528	4.22
10.	Karnataka	140000	1400.00
11.	Kerala	35152	351.52
12.	Madhya Pradesh.	51770	414.16
13.	Maharashtra	14607	146.07
14.	Manipur	0	0.00
15.	Meghalaya	3500	28.00
16.	Mizoram	10000	100.00
17.	Nagaland	12000	120.00
18.	Orissa	41	0.41

1	2	3	4
19.	Punjab	2500	25.00
20.	Rajasthan	15012	150.12
21.	Sikkim	0	0.00
22.	Tamil Nadu	45919	367.35
23.	Tripura	13783	110.26
24.	Uttar Pradesh	495	3.96
25.	West bengal	5000	40.00
Total:		619573	4903.06

*Includes connections released against spill over targets.

Recommendation (Sl. No. 11, Para No. 2.64)

Regarding rural electrification programme during 2001-02 in the North Eastern States, the Committee are constrained to note that in spite of Rs. 56.84 crore allocated under Minimum Needs Programme (MNP) for village electrification, Rs. 8.74 crore disbursed by Rural electrification Corporation (REC) and funds of 12.38 crore released by Ministry of Power under non-lapsable Central Pool resources, no progress of work regarding village electrification and pump energisation took place in any North-Eastern State till October, 2000. The Committee would, therefore, like to know the reasons for delayed implementation of rural Electrification Schemes in these States. The Committee also desire to know the targets set and achieved for Rural Electrification Schemes in these States.

Reply of the Government

During the year 2000-01, 54 villages have been electrified under REC schemes in the North Eastern States—Arunachal Pradesh (35 Nos.), Nagaland (16 Nos.) and Tripura (3 Nos.).

Rural electrification is primarily the responsibility of the State Governments who own and operate the distribution system in the State. As far as the implementation of the scheme for electrification of 165 tribal villages is concerned, the schemes received from all the North Eastern States in the Ministry of Power were forwarded to CEA for scrutiny and appraisal. The CEA scrutinised the cost estimates furnished by the States. In the State of Arunachal Pradesh, in respect of electrification of 6 villages with number of households ranging between 3-5, CEA felt that Non-Conventional Sources may be more economical. CEA was advised to consider substituting 6 villages in Arunachal Pradesh for electrification by grid as per the average, cost estimates. The 6 villages earlier included in the scheme could be covered by non conventional sources, as recommended by CEA. In a meeting held in the Planning Commission under the Chairmanship of Dr. N.C. Saxena, Secretary, Planning Commission on September 5, 2000 to discuss supporting specific viable projects in the North East and Sikkim out of the Non-Lapsable Central Pool of Resources, the Planning Commission conveyed its agreement 'in principle' to provide funds for the electrification of 165 tribal villages in NE States under the Non-Lapsable Pool after the proposals for the same are received from the Ministry of Power. The schemes costing Rs. 25.95 crores as received from the States alongwith the appraisal report of CEA were accordingly sent to the Planning Commission *vide* our letter No. 41/1/2000 dated 26th September, 2000 for funding under Non-Lapsable Central Pool of resources. The schemes for electrification of six new tribal villages of Arunachal Pradesh at an estimated cost of Rs. 87 lakhs substituting the excluded six villages recommended for electrification by Non-Conventional Energy Sources, were also subsequently recommended to the Planning Commission for approval and funding under Non-Lapsable Central Pool of resources. The States have been informed that the release of funds for these schemes would be considered on the recommendation of the CEA on the clear understanding that CEA would monitor the physical and financial progress. A proforma for monitoring has also been sent to the States by CEA. The amount of Rs. 12.53 crores recommended by Planning Commission to the Ministry of Finance for release to the NE States from Non-Lapsable Central Pool of Resources for electrification of 159 tribal villages in North Eastern Region was included in the revised Estimates of the Ministry of Power and after receipt of approval of the Ministry of Finance, funds for 159 tribal villages sanctioned.

Following approval by the Planning Commission and the Ministry of Finance, out of the amount of Rs. 0.43 crores (50%) for electrification of 6 tribal villages in Arunachal Pradesh, an amount of Rs. 0.15 crores has been released on 28th March, 2001, as per availability in the budget. Only 50% amount has to be released in the first instance keeping in view the little time left in the financial year. The remaining amount would be released after receiving the progress report on implementation from the concerned States with recommendation of CEA. The State Governments have also been requested on May 3, 2001 to expedite submission of progress report to CEA.

State-wise details of targets and actual achievements in respect of village electrification is given at Annexure II and the number of villages electrified at the end of March, 2001 is given at Annexure III. The primary responsibility for rural electrification lies with the concerned State Governments/Power Utilities who own and operate the distribution system in the States, and determine the priorities for the programme. The major reasons for slow progress in village electrification are financial constraints facing the State Electricity Boards (SEBs), inadequate sub-distribution system facilities, disturbed conditions prevailing in some States and non-payment of dues of Rural Electrification Corporation (REC) in some States, resulting in no cash flow. Besides, many of the States/SEBs have shown reluctance in implementing the rural electrification programme because they consider rural electrification to be un-remunerative.

As recommended by the Standing Committee, the Government is considering a Plan of Action for accelerating the process of village electrification so as to achieve 100% electrification of villages, feasible to be connected with grid, by the year, 2007. Rural electrification has also been included under the PMGY from the current financial year and the assistance to the States would now be available as Additional Central Assistance instead of only loans under MNP or REC schemes. As per the estimates, about 80,000 villages remain to be electrified in the country out of which about 62,000 villages could be connected with the grid using conventional means. The remaining 18,000 villages located in remote areas have to be electrified using Non-Conventional Sources of Energy on decentralised basis.

[Ministry of Power OM No. G-20020/5/2001-Bud.

Dated: 06.12.2001]

ANNEXURE II

ITEM 19A: "VILLAGE ELECTRIFICATION"

S.No.	State	Target 1999-2000	Achievement 1999-2000	Target for 2000-01 (Proposed)
1.	Arunachal Pradesh	80	25	100
2.	Assam	40	0	400
3.	Bihar	—	—	560
4.	Himachal Pradesh	32	0	10
5.	J&K	15	4	10
6.	Karnataka	15	15	2
7.	Madhya Pradesh	300	87	90
8.	Manipur	75	11	45
9.	Meghalaya	—	—	130
10.	Mizoram	3	4	3
11.	Nagaland	—	—	3
12.	Orissa	580	748	160
13.	Rajasthan	450	540	80
14.	Tripura	10	—	7
15.	Uttar Pradesh	400	476	800
16.	West Bengal	—	—	200
	Total	2000	1914	2600

CENTRAL ELECTRICITY AUTHORITY

Distribution, Planning & Development Division

Room No. 709, Sewa Bhawan

Progress report in respect of Village Electrification for the month of March 2001 (1991 census)

Sl. No.	states/UTs	Total inhabitat villages (1991 census)	Villages Electrified as on 31-03-2000		Achievement During 2000-2001 (Provisional)		Total Achievement to the end of March 2001	
			Numbers	Percentage	01-04-2000 to 28-02-2001	Month under Report		Cummulative at the end of March 2001
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	26586	26565	100.0	—	—	—	26565 (*)
2.	Arunachal Pradesh	3649	2171	59.5	NIL	NA	NIL	2171 (c)
3.	Assam	24685	19019	77.0	NA	NA	NA	19019 (b)
4.	Bihar	67513	47888	70.9	36	NIL	36	47924 (\$\$)
5.	Jharkhand (++)	—	—	—	—	—	—	—
6.	Goa	360	360	100.0	—	—	—	360 (@)
7.	Gujarat	18028	17940	100.0	—	—	—	17940 (*)

1	2	3	4	5	6	7	8	9
8.	Haryana	6759	6759	100.0	—	—	—	6759 —
9.	Himachal Pradesh	16997	16844	99.1	37	NIL	37	16881 —
10.	Jammu & Kashmir	6477	6315	97.5	NA	NA	NA	6315 (\$) (a)
11.	Karnataka	27066	26691	98.6	6	NA	6	26697 (+) (e)
12.	Kerala	1384	1384	100.0	—	—	—	1384
13.	Madhya Pradesh	51806	50271	97.0	10	5	15	50286
14.	Chattisgarh	19720	18075	91.7	1	NIL	1	18076 —
15.	Maharashtra	40412	40412	100.0	—	—	—	40412 @
16.	Manipur	2182	2001	91.7	NIL	NIL	NIL	2001 —
17.	Meghalaya	5484	2510	45.8	NIL	NA	NIL	2510 (d)
18.	Mizoram	698	691	99.0	NIL	NIL	NIL	691 —
19.	Nagaland	1216	1190	95.4	12	NA	12	1208 (f)
20.	Orissa	46989	35190	74.9	42	NIL	42	35232 —
21.	Punjab	12428	12428	100.0	—	—	—	12428 —
22.	Rajasthan	37889	35447	93.6	246	254	500	35947 —
23.	Sikkim	447	405	100.0	—	—	—	405 (#)
24.	Tamil Nadu	15822	15822	100.0	—	—	—	15822 —

1	2	3	4	5	6	7	8	9
25.	Tripura	855	810	94.7	2	NA	2	812 (f)
26.	Uttar Pradesh	112803	89117	79.0	236	182	418	89535
27.	Uttaranchal (++)	—	—	—	—	—	—	—
28.	West bengal	37910	29515	77.9	80	NA	80	29595 (f)
	Total (States)	586165	505826	86.3	708	441	1149	506975
	Total (UTs)	1093	1090	100.00	—	—	—	1090 (*)
	Total (All India)	587258	506916	86.3	708	441	1149	508065

Note: Target for the year 2000-2001 not finalised.

(*) Fully electrified. Balance not feasible for electrification.

(#) Provisional 42 Nos. forest villages not electrified.

(@) Provisional to be confirmed as per 1991 census.

(*) 329 villages declared non-feasible for electrification.

(++) Separate data not available.

(\$\$) Achievement as per 1981 census.

(\$)

(a) as on 31.3.98.

(b) as on 30.11.99.

(c) as on 31.7.2000.

(d) as on 31.12.2000.

(e) as on 31.1.2001

Recommendation (Sl. No. 15, Para No. 2.110)

The Committee are constrained to note that Transmission & Distribution of electricity is not given the desired attention. The absence of proper evacuation facilities have resulted in accumulation and wastage of power generated. The Committee expect that with financial support through Accelerated Power Development (APDP) for strengthening Sub-transmission & distribution network, the T&D losses will be minimized. The Committee are at a loss to learn that Unified Load Despatch and Communication schemes for Northern and Southern Region sanctioned in March, 1995 and scheduled to be completed in March, 2000 were delayed by two years because the contract for the scheme could be awarded only by January, 1998. The implementation of Unified Load Despatch and Communication schemes for North-Eastern and Eastern Region have also been delayed by two and one year respectively. The Committee do not accept the views of the Government regarding complexity of the schemes and feel that complexity involved in finalisation of schemes, pre-qualification of projects etc. should have gone into before planning the implementation of ULD & C. The Committee would like to know the cost escalation in implementation of these schemes and expect that these would now be completed as per revised schedule. Regarding failure of POWERGRID to set-up associated transmission lines during 2000-01, the Committee have been informed that it is due to delay in Government approval for Talcher-II and power projects of NTPC not coming up as scheduled. The Committee observe that due to failure of generating projects, the IEBR component of Power Grid go haywire and associated transmission project also get delayed. The Committee, therefore, recommends that indemnity arrangement should exist for the mismatch between generation and transmission projects to ensure targeted completion of the projects.

Reply of the Government

As per the present progress, these schemes would be completed earlier as per the following schedule:

Sl.No.	Name of the Scheme	Anticipated Completion Schedule
1.	ULDC-NR	June-2002
2.	ULDC-SR	June-2002
3.	ULDC-NER	Dec-2003
4.	ULDC-ER	June-2005

The ULDC projects in Northern & Southern Region were new in Indian Power Sector and were first of their kind in India. Efforts to execute the projects of similar size and nature had failed earlier because of complexities associated with the projects and tying up of various loose ends for successful execution of the project. The project is being executed on a hierarchical architecture having three hierarchies (Sub LDC-SLDC-CPCC/RSCC) as compared to similar projects constructed on one/two hierarchy basis in other parts of the developed countries.

The complexity associated with the award process was also recognized by the World Bank *i.e.* the funding agency who indicated:

"These projects are technically and organizationally among the most complex and hi-tech in power development. A noteworthy feature of these projects is the involvement of SEBs"; "the evaluation of first stage (technical) bids for the EMS/SCADA component proved to be more complex than expected..." and "International experience in implementation of similar complex projects shows 1-3 years delays not be uncommon..."

These projects were also considered by the Standing Committee on time & cost overrun in their meeting held on 18.4.2001 & 4.7.2001 and it was opined that:

".....The delay has arisen because of unavoidable and unforeseen difficulties in awarding such large contracts. These were the first Greenfield projects in the Indian Power Sector and no experience had existed earlier."

A detailed calculation of Cost Overrun due to time overrun has been made and is enclosed at *Annexure-A* for ULDC-NR project. It may be noted that expenditure arising due to allowable fiscal factors like price escalation based on index, changes in taxes & duties, exchange rate variation and consequential changes in centrages would have worked out to additional Rs. 67.53 crores. In addition to above, there is a change of Rs. 35.85 crores during detailed engineering due to technical necessities like increase in the length of fibre optic cable, decrease in the number of microwave hops and PLCC links etc. Accordingly, if these inevitable changes are duly accounted for, there is an increase of only Rs. 13.81 crores *i.e.* 3.2% of the approved estimate.

Similarly for ULDC-SR project, the detailed calculation of Cost overrun due to time overrun has been made and is enclosed at *Annexure-B*. It would be noted that expenditure arising due to allowable fiscal factors like price escalation based on index, changes in taxes & duties, exchange rate variation and consequential changes in centages would have worked out to additional Rs. 52.09 crores. Accordingly, if these inevitable changes are duly accounted for, there is actually a decrease of Rs. 13.66 crores *i.e.* 2.58% of the approved estimate.

Regarding the ULDC Project in NE Region, global tenders under ADB procedures were invited by POWERGRID and award recommendations were finalized in April, 1999. However, as per decision of Board of Directors of POWERGRID, the placement of awards were kept on hold till the commercial agreements for payment of transmission charges by NER beneficiaries including provision for opening LCs and supported by State Govt. guarantee/Escrow Account were finalized. The matter of signing of Bulk Power Transmission Agreement (BPTA) was taken up by POWERGRID with NER constituents who expressed their inability to pay the charges for this scheme due their poor financial capacity and also requested that this project is executed under grant-in-aid from Govt. of India. Considering the financial position of the constituents of NER and importance of the scheme in grid management, POWERGRID requested Government of India to provide grant for implementation of the project. Considering the merit of the case, Planning Commission agreed, in principle, in March, 2000 for implementation of the project with Government grant. Thereafter, the awards for the packages were placed by POWERGRID in May, 2000. The project is presently scheduled for completion by December, 2003. In the meantime, the question of giving Govt. grants to POWERGRID for execution of the project and the modalities therefor are being considered in consultation with Planning Commission.

The investment approval for the ULDC project in Eastern region was accorded in Sept., 1998 with a completion schedule of 60 months. As per the TEC accorded by CEA, MOUs were required to be signed with all the constituents of the Eastern region. Accordingly, MOUs were signed by POWERGRID with all the beneficiaries except BSEB. After continuous persuasion by POWERGRID, BSEB agreed to participate in ULDC scheme in Dec., 2000. However, MOU could be signed with BSEB only on 17.01.2001. POWERGRID placed the award for the EMS/SCADA package during Dec., 2000 and the project is expected to be completed by June, 2005.

POWERGRID has been facing a problem in recovery of tariff for transmission projects, which are being under-utilized or unutilized due to delay in commissioning of associated generation projects. For example, the Transmission System associated with Nathpa-Jhakri and Dulhasti Hydro-electric projects have been commissioned much ahead of the generation projects. SEBs have objected to payment of transmission tariff in such cases.

Keeping in view the need for an indemnification mechanism between NTPC and POWERGRID for ensuring timely completion of projects and, at the same time avoiding excessive burden on the consumers in the form of higher tariff, the following mechanism for indemnification has been approved:

- (i) NTPC would pay full IDC (of POWERGRID) upto a period of 6 months from the scheduled date of commissioning in the event of delay in commissioning of generation project.
- (ii) POWERGRID would pay 35% of IDC (of NTPC) upto a period of 6 months from the scheduled date of commissioning in the event of delay in commissioning of the associated transmission system.

Similar indemnification arrangement between the generating and transmission companies in respect of Hydel projects is being worked out and the matter is under consideration in the Ministry of Power.

[Ministry of Power O.M. No. G-20020/5/2001-Bud.

Dated: 06.12.2001]

Comments of the Committee

(Please See paragraph 27 of Chapter I of the Report)

ANNEXURE A

UNIFIED SCHEME FOR LOAD DESPATCH AND
COMMUNICATION FOR NORTHERN REGION

Variation statement for increase in Project Cost
(POWERGRID Position)

Project Time Cycle (PTC) = February 2000

Sl. No.		Amount (Rs. in Crs.)	%age of sanctioned cost
<i>A. Allowable Fiscal Factors (Within PTC)</i>			
1.	Price Escalation based on index	16.51	3.81%
2.	Change in Taxes and Duties	-26.74	-6.17%
3.	Exchange rate variation	64.21	14.81%
4.	Consequential changes in Centages	13.55	3.13%
Total (A)		67.53	15.58%
<i>B. Non-allowable Fiscal Factors (Beyond PTC)</i>			
<i>B1</i>			
1.	Price Escalation based on index	2.19	0.51%
2.	Consequential changes in Centages	1.80	0.42%
3.	Consequential changes in IDC	9.82	2.27%
Sub-Total (B1)		13.81	3.19%
B2	Change in quantity	35.85	8.27%
B3	Change in Scope	46.25	10.67%
Total (B)		95.91	22.13%
Grand Total (A+B)		163.44	37.70%

Reply of the Government

ANNEXURE B

UNIFIED SCHEME FOR LOAD DESPATCH AND
COMMUNICATION FOR SOUTHERN REGION

Variation statement for increase in Project Cost

Project Time Cycle (PTC) = February 2000

Sl.No.	Amount (Rs. in Crs.)	%age of Sanctioned cost
<i>A. Allowable Fiscal Factors (Within PTC)</i>		
1. Price Escalation based on index	0.46	0.09%
2. Change in Taxes and Duties	(-) 18.76	3.55%
3. Exchange rate variation	68.85	13.02%
4. Consequential changes in Centages	2.45	0.46%
5. Change in IDC	0.00	0.00%
Total (A)	52.09	9.85%
<i>B. Non-allowable Fiscal Factors (Beyond PTC)</i>		
1. Price Escalation based on index	-0.05	-0.01%
2. Consequential changes in Centages	21.43	4.05%
3. Consequential changes in IDC	-20.39	-3.86%
4. Change in scope/change in quantity	15.53	2.94%
5. New Additions	-13.17	—
Total (B)	-13.66	-2.58%
Grand Total (A+B)	38.43	7.27%

Recommendation (Sl. No. 16, Para No. 2.111)

About the outstanding dues of the Power Grid Corporation from different SEBs as on 31 March, 2000, the Committee have observed that these have gone up to Rs. 1502.61 Crore (including surcharge) from Rs. 734.17 crore during 1997-98. The Government have stated that so far ongoing projects of Power Grid have not been affected due to present outstanding dues. The Committee feels that with the increase in these dues, the Power Grid at one stage may be unable to mobilize the minimum 20% of the capital cost from its internal resources as prescribed by Government of India and other financial covenants. Although, the Committee appreciate the efforts of Power Grid to recover its outstanding dues with various States utilities, the Committee desire that efforts should be made to settle and liquidate all outstanding dues in a time bound manner.

Reply of the Government

As on 31.03.2001, the total outstanding dues of POWERGRID from SEBs stood at Rs. 1429 crores. In spite of concerted efforts, there has been constant accumulation of arrears due to poor financial health of many SEBs, who find it difficult to clear the full amount of current transmission charges as well as liquidate the past arrears.

The main reason for accumulation of arrears is that most of the SEBs do not clear the current payable billing in full. Due to this reason, there is a constant increase in the outstanding amount which then gets added up to the previous years outstanding. The lump sum amount, which is being received from major defaulters, is also not equivalent to full outstanding amount. Tariff petitions in respect of 32 cases were filed with CERC during the financial year 2000-01, out of which 25 have been approved for payment of provisional tariff amounting to Rs. 527.43 crores and the balance Tariff petitions worth Rs. 132.30 crores are still pending with CERC.

POWERGRID is making all out efforts for liquidation of total outstandings by constant follow-ups at all levels. As a result, the LC has been increased to Rs. 127 crores, which is about 73% of payable average monthly bills. In addition, there has been considerable progress in liquidation of arrears and reduction in overall outstanding dues. POWERGRID, through constant persuasion, has been able to obtain bonds issued against its outstandings from UPPCL, GEB, APTRANSCO and HVPNL, which to some extent liquidates their arrears. The outstandings have come down to Rs. 1240 Cores including surcharge of Rs. 317 Crores as on 31.07.2001.

The realization through Central Plan Assistance is a meager amount as compared to the outstanding dues. Though the Govt. of India had sanctioned Central Plan Assistance-II of Rs. 345.96 crores in August, 1997, till now, only Rs. 165.11 crores has been received leaving a balance of Rs. 180.85 crores.

During July, 2001, Government of India have finalized a securitisation plan for one time settlement of SEBs dues through tax free bonds on the basis of the recommendations of Shri Montek Singh Ahluwalia Committee. Accordingly, it is expected that SEB dues will be liquidated shortly. Also, as a part of this settlement, payment against current bills will be made by the SEBs in full through Letter of Credit.

The capital investment envisaged by POWERGRID during IX Plan is about Rs. 8,865 Crores. During the same period, the Internal Resources generation is estimated as Rs. 1950 Crores, which is about 21% of the capital investment. The IR generation figure includes SEB bonds worth Rs. 397.47 Crores, which has a lock-in period. While estimating the internal resources, the problems of outstanding dues have been accounted for. Due to increase in outstanding dues over the past few years, it is becoming difficult for POWERGRID to maintain the necessary level of internal resources to continue its investment programme. In the absence of any fresh equity injection (NBS) from Govt., the only source of equity for incremental investment, in the context of POWERGRID, is the cash Internal Resource (IR) generated from its operations. Though, implementation of on-going projects of POWERGRID has not so far been affected, POWERGRID'S future investment programme depends on the level of internal resources generated.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 19, Para No. 2.126)

The Committee noted the reduced IEBR component of NTPC during 2000-01 due to revision of outlays of new projects and hope and trust that the new projects and hope and trust that the new projects such as Ramagundam-III, Rihand-II and Sipat will take off as planned during 2001-02 and the enhanced Plan outlay of Rs. 3006 crore will be raised and utilized. The Government have stated that instead of raising bonds during 2000-01 and 2001-02, Rs. 5800 crore are tied-up as source of funding with Domestic Banks/Financial Institutions (FIs). The Committee feel that NTPC may have to shell out more money as interest on loans to Domestic Banks/FIs than interest payable to bond holders and would like to know the differential payment to be made by NTPC on interest on accounts of bonds and loans. The Committee suggest that NTPC should reassure itself that it has not to pay more interest to FIs, etc., in comparison to funds raised through bonds.

Reply of the Government

The present installed capacity of NTPC is 19435 MW. NTPC has a Corporate Plan to become 40,000 MW plus company by the end of IX Plan. NTPC is not in receipt of any budgetary support from Government of India and therefore entire capital outlay is required to be funded by IEBR component. NTPC Board approved a Financing Strategy for facilitating/funding of the capacity addition programme which envisages utilisation of Internal Resources (equity component) and required borrowing for the capital outlays. The requirement of borrowing being large, NTPC needs to tap all possible sources of debt, both in domestic and international capital markets. In the domestic borrowings, term loan from Banks, Financial Institutions and Domestic Bonds have been included. In the past 2 years, NTPC has tied up Rs. 5800 crore from the various domestic banks and FIs which will be available to the Company over a period of 4-5 years i.e. draw down of these loans will be over a period of 4-5 years to part finance the capital expenditure progressively. These loans are proposed to be utilized for various on-going and new projects including Ramagundam-III, Rihand-II and Sipat. Besides the term loans as aforesaid, as per Financing Strategy, NTPC also plans to raise bonds in the domestic market on year to year basis depending on market condition. The quantum of borrowing being large over the years, it is necessary for NTPC to tap all types of sources of finance instead of any single source. Thus, NTPC's projects would be funded through a mix of debts from various sources.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 20, Para No. 2.127)

The Committee are further constrained to note that there are huge outstanding dues of NTPC from different power utilities/SEBs. Although, the Government have reportedly taken various steps like securitisation of outstanding dues, appropriation from Central Plan assistance, establishing Letter of Credit, issuing tax free bonds with a back up State Guarantee, etc., the outstanding dues as on 28.02.2001 have mounted to Rs. 17705.47 crore. The Government have further informed that steps have also been taken for one time settlement of dues with various States/State utilities with mutually agreed date of liquidation of dues, by offering rebate of 25% on agreed surcharge amount where State utilities agree to liquidate total arrears and transfer

power station etc. The Committee, observe that the option of taking over the power utilities is being considered since 1992 when Unchahar Thermal Power Stations was taken over by NTPC from Uttar Pradesh but only 3 power stations have been taken over since then. The Committee, therefore, recommend that in addition to various steps taken to recover outstanding dues in instalments, efforts to make one time settlement including possible take over of power plants of States by NTPC may also be stepped up with various State Governments. The Committee would also like to know the details of the success achieved by NTPC for one time settlement of old dues and different proposal received so far to take over power stations of SEBs/State Power Utilities.

Reply of the Government

Pursuant to decision taken in the Chief Minister's Conference chaired by Hon'ble Prime Minister of India on 02.03.2001, the Expert Committee constituted by Government of India under Chairmanship of Member (Energy), Planning Commission has submitted its report on one time settlement of outstanding dues of SEBs payable to CPSUs on 11.05.2001. The Expert Group has recommended substantial incentive to the State Utilities to settle past dues and ensure full payment in future. These benefits include:

- (a) Partial write-off of surcharge to the extent of 50% thereof.
- (b) CPSUs to give 2% of bond amount as cash incentive to those SEBs who open and maintain LCs without default by the specified dates.
- (c) Issuance of the tax-free bonds by the State Governments.
- (d) The cash incentives for a period of 4 years @ 4% of the face value of the bonds to SEBs for achieving the prescribed performance milestones by the SEBs.

The Expert Group has also made the following recommendations for payment of the current dues in future:

- (1) SEBs or their successor entities shall open and maintain irrevocable LCs that are equal to 105 per cent of this average monthly billing for the preceding 12 months.

- (2) Payments that remain outstanding after 90 days from the date of billing shall be recovered, on behalf of the CPSUs, by the Ministry of Finance through adjustment against release due to respective State Government on account of plan assistance, State's share of Central Taxes and any other grant or loan.

Recommendations of the Expert Group were considered by the High Level Empower Group of Chief Ministers and these recommendations have been accepted with the following modifications:

- (i) The waiver of surcharge recommended by the Expert Group shall be increased from 50% to 60%.
- (ii) The incentives for a period of 4 years @ 4% of the face value of the bonds for achievement of performance milestones by the SEBs shall be increased to 6% in the first year and 5% in the second year.

Hon'ble Minister of Power has also written to the Chief Minister of all the States on 19.7.2001 to initiate necessary steps for the implementation of scheme, endorsed by Empowered Group of Chief Ministers, at the earliest.

Takeover of Power Stations of SEB:

NTPC would be willing to selectively takeover some of the existing thermal plants of SEBs in order to recover its outstanding dues. In a meeting held on 13.02.2001, Bihar SEB had offered to transfer their Muzaffarpur Power Station to NTPC against their outstanding dues. NTPC has indicated willingness for takeover of power station. Details are being worked out. No other SEB has offer their generating stations for transfer to NTPC against outstanding dues.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 22, Para No. 2.138)

The Committee observe that Plan outlays of Damodar Valley Corporation go haywire at implementation stage and have been drastically cut down during the last 3 years. The Committee are constrained to note the unrealistic Plan outlays prepared by Damodar Valley Corporation management and are of the opinion that reasons for slippage in Plan outlays like slow progress of erection work by M/s. BHEL in Mejia TPS, non-availability of competent contractor for T&D schemes and delay in supply of material only indicate the sorry state of affairs in managing the ongoing schemes by Damodar Valley Corporation. The Committee therefore recommend the Government to take necessary action to utilize the Plan outlay as targeted and desire that necessary steps must be taken to achieve the targets fixed during 2001-2002 with an outlay of Rs. 284 crore.

Reply of the Government

The comments of Committee on slippage in Plan Outlays on account of slow progress of erection work by M/s. BHEL in Mejia TPS have been noted and DVC would take corrective action in future projects.

T&D and R&A Schemes:

Actual fund utilization against the Annual Plan Budget under TSC Scheme during 1997-2001 of the 9th Plan *vis-a-vis* corresponding variance are indicate below:—

(Rs. in Crores)

Year	Allocation	Actual	Variance
1997-98	59.35	37.16	22.19
1998-99	47.30	30.74	16.56
1999-2000	60.00	42.13	17.87
2000-2001	60.00	32.02	27.98

The major impediments for the above variance are given below:-

9. Non-receipt of statutory forest clearance of 220 KV Bokaro-Ramgarh D/C line, 132 KV D/C Konar-Hazaribagh Road Line.
10. Non-finalisation of transfer/acquisition of land from the State of Bihar/Jharkhand for setting up of 220 KV Ramgarh S/S.
11. Non-receipt of land from BCCL as committed by them for setting up of Moonidih/Amjore S/S (near Dhanbad).
12. Non-receipt of clearance from SAIL (BSL) for setting up of 220 KV S/S as BSL did not respond for financial agreement with DVC to set up the subject S/S for them.
13. Delay in completion of the projects like 220 KV Parulia S/S Extension 220 KV Kalyaneswari S/S Extension and 220 KV Parulia-Durgapur D/C Line due to intractable ROW problems and also financial constraints faced by the contractors for 220 KV Parulia-Durgapur Line during that period. However, these projects have been completed in successive years during 9th Plan.

14. Delay in commencement of the work of 220 KV Durgapur S/S due to hidden Naphtha Pipeline under the S/S land resulting delay of physical possession of land from ADDA, Durgapur. Other reasons for delay are prolonged monsoon in the region and for inadequate manpower deployed by the contractor. However, the above S/S Phase-I has been completed in successive years of 9th Plan and Phase-II will be completed within 9th Plan.
15. 220 KV Maithon-Mejia Line—The contractor for the subject work has left the job due to land subsidence occurred on the original route of the line in Raniganj Coal belt area and ultimately the contract was rescind. Subsequently GSI was inducted to make soil study and in consultation with GSI and ECL, final route was settled and the contract was rewarded to another contractor. Initially, appreciable delay occurred due to above activities and subsequent delay is due to intractable ROW problems as well as frequent theft of the conductor from the strung line. However, a major portion of the erection work has been completed and the line will be completed within 9th Pan Period.
16. Konar S/S — After completion of the substantial work of the S/S, the contractor left the job due to various local problems, infighting between the rival political parties, threat of life, demand of ransom amount by some miscreants of that area. However, after settlement of these issues, the contractor has completed the work.

Due to above mentioned facts, committed funds could not be utilized in the respective years resulting slide over to subsequent years.

As regards the utilization of funds against the allocation of Rs. 25.972 crores in BE 2001-2002 under the head "T&D Schemes and R&A of T&D", it was indicated as early in November, 2000 that an amount to the extent of Rs. 4.50 crores only may be utilized in 2001-2002 in the DVC's "Proposal for Annual Plan 2001-2002". The same was, however, not taken into account by the Planning Commission while fixing the final provision in BE 2001-2002.

In regard to actual utilization of fund for R&M works it is stated that a major proposal for taking up R&M projects after RLA Study has been initiated in respect of BTPS 'A' Units I, II & III, CTPS Units I, II, III, IV, V, VI and DTPS Unit III. Discussions have already been held with GE for Turbine portion, with BHEL for Boiler portion and with MECON for conducting study in association with BHEL and preparing DPR for R&M projects for all the old units of DVC. This matter is being pursued in right earnest.

Conducting RLA Study is being expedited. While all efforts will be made to expedite the RLA Study and actual off-take R&M projects, till the completion of RLA Studies and launching of R&M work, actual utilization of fund will be slow initially. In such a situation, expenditure of fund cannot be expedited unless project are conceived with due care. The RLA Studies themselves are expected to consume about Rs. 10 crores. The time required for actual conduct of RLA Study is a clear period of 90 days. In case all the studies are completed or even if some of the studies are completed within the remaining parts of the current financial year, some requirements of fund will be there as advance payments for taking up R&M projects.

— Regarding preparation of unrealistic plan outlays by DVC it is stated that in the estimate of requirement of funds in the DVC's "Proposal for Annual Plan 2001-2002", submitted in connection with discussion in the Planning Commission in respect of BE 2001-2002 in November, 2000, it was requested that the final provision in BE 2001-2002 should stand at Rs. 106.1284 crores in place of Rs. 284.00 crores. However, DVC's request in this regard was not considered and the Budget Allocation was kept Rs. 284 crores. Thus, it is clear that the capacity for absorption of fund was attempted to be realistically assessed for the current financial year.

— Notwithstanding the circumstances leading to under utilization of funds, DVC has seriously considered the comments of Standing Committee and the provision for RE 2001-2002 is being appropriately recast considering the latest developments in all the schemes under Plan Outlay.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 24, Para No. 2.140)

The Committee are constrained to note that although the country need another 1 lakh MW of power generation by 2012, the problem of wheeling out excess power from certain units still persist and steps are required to be taken to strengthen the transmission system. The Committee desire to know why DVC is not willing to evacuate power from the Captive plants of CIL. When the entire country is trying to add power generation capacity, DVC is acting as a hindrance in evacuation of available power purely due to administrative and legal wrangles. The Committee would also like to know the hindrances and delays faced by subsidiaries of CIL in synchronizing their captive power plants to Eastern Region Grid and the steps taken by DVC to remove those difficulties within a period of three months.

Reply of the Government

Ministry of Power, Govt. of India, allowed setting up of small CPPs within DVC command Area subject to condition of running CPPs in isolation and not in synchronism which involves inherent risk for such small capacity units. Eastern Regional Grid itself is having excess capacity primarily due to prevailing industrial scenario of the region. Any additional capacity would add to the dimension of the problem only. During the meeting held on 22.6.2001 between DVC & CIL, DVC in appreciation of the situation in totality has agreed to allow CIL to run their CPPs in isolation. DVC assured to consider the request for necessary reduction of contract demand consequent upon CIL running these plants to their full capacity as a special case in relaxation of the existing provision of the agreement. DVC further assured to consider favourably any temporary requirement of additional power arising due to outages of these CPPs.

[Ministry of Power OM No. G-20020/5/2001-Bud.

Dated: 06.12.2001]

Recommendation (Sl. No. 27, Para No. 2.153)

The Committee are unhappy to note that although a huge hydel generation capacity remains untapped, NHPC targeted only 450 MW for the 9th Plan with implementation of only two projects *viz.* Dulhasti and Rangit. The Committee are further perturbed to note that only 60 MW of hydel power generation is likely to be added during 9th Plan by commissioning Rangit Project. The project cost of Dulhasti, which has been stated to be delayed by 4 years and is now likely to be completed by December, 2003, increased from Rs. 1262.97 crore to Rs. 3559.76 crore. The Committee are not convinced with the reply of the Government that Dulhasti Project got delayed due to geological problem poor performance of Tunnel Boring Machine (TBM) etc. and feel that these factors should have been taken care of at Detailed Project Report (DPR) stage of the project and recommend that responsibility should be fixed for delayed implementation of the project resulting in huge time and cost over runs. The Dulhasti also expect that the other NHPC project at Dhauliganga HE sanctioned in April, 1991 and delayed due to funds constraint will be commissioned as per revised schedule of March, 2005. The Committee would like to know the steps taken to ensure timely completion of both Dulhasti and Dhauliganga HE Projects as per revised schedules.

Reply of the Government

The critical activity for completion of Dulhasti HE Project was the completion of excavation of 10.6 KM long Head Race Tunnel. Only two faces were available for carrying out the excavation. The excavation of 6750 m upstream of the tunnel was envisaged to be done by Tunnel Boring Machine and the excavation of downstream 3851 m was envisaged to be done by conventional Drill-Blast Method. Accordingly excavation work from both faces was started by the French Contractor, M/s. DSB as well as by M/s. JSA (JV) who were entrusted with the work after contract with M/s. DSB was terminated. HRT works have primarily been delayed due to the following reasons:

- 1. Adverse geological conditions in HRT:** On account of typical varying geology in the upstream portion of the tunnel, heavy water ingress along with outflow of loose material occurred at various locations during the course of excavation with TBM. The upstream portion of the tunnel passes through alternating sequence of jointed quartzite and

phyllites and can respectively act as store houses for water and impervious barriers. The dip of this strata is towards the river. In condition of underground aquifer, joints in quartzite being hard brittle rock, become good receptacles for subsurface water with the impervious barriers of phyllite and thus a geological environment for generation of aquifer condition can be expected. Whenever these zones are intercepted by the tunnel, it leads to sudden ingress of large amounts of water with mud and debris and consequent cavity formation.

After commissioning of the Tunnel Boring Machine in April 1991, boring on this face has suffered intermittently due to the above mentioned geological reasons. Out of 17 months of working with TBM by M/s. DSB, the French Civil contractor, 4 months were taken in the treatment of the cavities. Similarly, during the working period of 50 months (Jan '96 to Feb '2000), almost 19 months were lost due to geological reasons. A typical example is the geological surprise which occurred at RD-1194 m. The subsurface water erupted as a blowout from the invert. The muddy discharge which was 700 lit./sec. initially increased to 1100-1200 lit./sec. Total quantity of muck deposited was 2500-3000 m³. Further advance could be made after 4 months only.

The hold up of excavation at Ch.-2863 m of U/S face culminated in a major rock burst and irreparable damage to TBM. Such major geological surprises could not have been envisaged during preparation of Detailed Project Report. This was on account of the extremely varying geology; which is exclusive to young mountains such as the Himalays. NHPC made concerted efforts and undertook measures to improve the progress of tunnelling been after the civil works were re-awarded to a JV of M/s. Jai Prakash Industries Ltd. And M/s. Statkraft Anlegg of Norway in March, 1997. Despite these efforts tunnelling with the TBM had to be abandoned and resumed with the conventional Drill-last method.

2. Poor performance of TBM: The second major reason for delay in excavation with TBM was the intermittent breakdown of TBM and slow progress on account of varying rock conditions. Various modifications were done on the machine as per the suggestions of M/s. Robbins, the manufacturer of the machine. The heavy ingress of water and subsequent cavity formation along with rock falls also contributed to the burial of TBM.

Besides the delay in completion of Head Race Tunnel as mentioned above, the project work has also suffered on account of the following:

- (a) The adverse security environment in the area has contributed negatively to the development of the Project. Work came to a complete standstill for 3 years (1992-95) and only resumed actively in April, 1997.
- (b) Initial discontentment/Agitations by local people: Problems were encountered by the contractors due to agitations by local populace for provision of employment.

Steps being taken to ensure timely completion of Dulhasti Project:

- (1) After the occurrence of rock burst on TBM face on 21.2.2000 due to which TBM got buried and was declared irreparable, as it could not be retrieved under the any circumstances, it was decided to by-pass the TBM and execute balance tunnelling from upstream end by normal Drilling and Blasting method. This excavation by DBM from upstream end was started in May 2000 and is being continued since then. Better progress than that with TBM is being achieved.
- (2) From downstream end, excavation has been completed upto RD 3851 mtrs., *i.e.* limit of contract (Package-II).
- (3) Efforts are now being made to execute some portion of tunnel lining along with excavation.
- (4) After the completion of tunnel excavation, M/s. JSA(JV) has planned to erect continuous tunnel form for speedy completion of tunnel lining.
- (5) It is being ensured that the project execution does not suffer on account of paucity of funds.
- (6) All out efforts are being made for completion of the project by Dec. '2003.

Dhauliganga HE Project:

Dhauliganga HE Project is located at Dharchula in Pithoragarh district of Uttaranchal. The project is being constructed on river Dhauliganga with installed capacity of 280 MW. The project was sanctioned by Govt. of India in April 91 at an estimated cost of Rs. 601.98 crores at Dec '89 PL with debt equity ratio of 1:1, with a completion period of 7-1/2 years *i.e.* by Oct' 98. However due to fund constraints the work could not be taken up as during 1991, Govt. of India changed its policy of financing of Public Sector projects and asked the implementing PSU to arrange for financing of the project from its own resources. For funding the project, agreement was signed with JBIC (erstwhile OECF) of Japan on 25.1.96 for the first tranche for an amount of 5665 million JPY effective from May '96 and subsequently agreement was signed on 12.12.1997 for second tranche for an amount of 16316 million JPY effective from Feb. '98. Based on bid cost, the revised cost estimate was worked out as Rs. 1578.31 crores (August '99 PL) which was sanctioned by Govt. of India in July 2000. The revised commissioning date is March 2005.

Presently major works are going in full swing and progressing as per schedule. Main access tunnel to powerhouse and ventilation tunnel has been completed ahead of schedule. Excavation of powerhouse and headrace tunnel is progressing as per schedule. River diversion has been achieved in April 2001, as scheduled, and excavation of spillway is in progress. Laying of dam embankment is also in progress.

Steps for achieving revised commissioning schedule

- Regular Progress Review Meetings are being held in which progress of execution of major works is critically examined and bottlenecks are effectively tackled.
- Panel of experts, comprising of international experts, is regularly inspecting project works and advising NHPC on remedial/alternative measures to be adopted.
- The major civil and electro-mechanical works have been awarded to international consortia so that latest construction methodology is being implemented, resulting in faster execution of work.

- NHPC has incorporated stage-wise penalty clause in the contract agreement for major works to force the contractor to achieve the intervening milestones and overall completion date.
- Ministry of Power is monitoring the project progress regularly through Quarterly Performance Review Meetings, review by the Project Monitoring Committee and periodical reviews by Minister of Power.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 29, Para No. 2.155)

The Committee also note that although Koel Karo HE Project was originally approved in June, 1981, no major work could be started due to the resistance from the local people to the acquisition of land. The revised cost estimates for the project amounting to Rs. 1338.81 crore was approved in November, 1991 but the project could not get started. In a meeting of the Central Empowered Committee constituted by the Government for reviewing the Central Sector Projects making slow progress held on 26.2.1997, it was decided to freeze further expenditure on the project, thereby putting a stop on the works in the project. The Chairman, NHPC has also informed the Committee that only a week back, environmental clearance has been received and a Cabinet note has been prepared to be placed before Cabinet. The investment decision to executive the project can be taken only after final clearance from the Ministry of Environment and Forests has been obtained and beneficiary States agree to purchase power from the project. The Committee are distressed to note that the project sanctioned in 1981 is yet to be make progress even after 20 years and since the tentative tariff cost has increased to Rs. 7.13 per unit, the agreement for purchase of Power by the Government of West Bengal, Orissa and Sikkim is being denied. In view of the investment made by NHPC for implementation of the project, the Committee expect the Government/NHPC to sort out all the problems relating to power purchase agreements with DVC and other States outside the eastern region and the Committee be apprised of the same. The Committee also recommend that all out efforts should be made by NHPC to urgently undertake a fresh survey of Project Affected People (PAP) so that R&R can also take place along with the execution of project.

Reply of the Government

- The Project was handed over to National Hydro-electric Power Corporation (NHPC) by the Bihar State Electricity Board in 1980 for execution in the Central Sector. The project is now located in the district Ranchi of the newly formed State of Jharkhand.

Rehabilitation & Resettlement problems

- The project could not take off due to paucity of funds and resistance from local people against land acquisition by NHPC. They subsequently took the matter to the Supreme Court.
- The Supreme Court disposed of the matter in February, 1989 after seeking commitments from the State Government and NHPC regarding the rehabilitation measures.

Central Empowered Committee

- Central Empowered Committee (CEC) in its meeting held on 26.2.97 recommended shelving of the project and freezing of expenditure on the project.
- Ministry of Finance advised to follow the PIB route for decision of the CCEA to the proposal for revival of the project.

CCEA Note

- CCEA Note submitted to Cabinet Secretariat on 21.6.99 to consider the Revised Cost Estimates at Rs. 2368.41 crores (At December, 1998 price level) and to allow revival of expenditure on the project.
- The Cabinet Secretariat returned the CCEA Note with the remarks that the matter should be placed before the CCEA, only on receipt of final clearance for the project from the Ministry of Environment & Forests (MOEF) and after the beneficiary States have agreed to purchase the power.

Present Status

- MOEF had revalidated the environmental clearance for the project subject to NHPC complying with certain conditions including submission of an EMP which would adequately cover action plan for Catchment Area Treatment (CAT) and fresh survey of Project Affected Persons (PAPs).
- The work relating to fresh survey of PAPs and formulation of revised R&R plan in accordance with the directions of the Supreme Court was assigned to the Government of Bihar. They have recently submitted the CAT plan which has now been approved by MOEF. MOEF has brought on record that the R&R Plan submitted by NHPC is not based on fresh survey of PAPs. They have also stated that the fresh survey of PAPs is a very major activity which will take considerable time to accomplish.
- Bihar Government and Damodar Valley Corporation have agreed to purchase power from the Koel Karo Project. However, Government of Sikkim, Government of Orissa and Government of West Bengal have declined to purchase power from the project. Willingness of Jharkhand to purchase power from the project has also been obtained.
- However, NHPC has been asked to obtain the commitment from the States outside the region to purchase power from the Project which is estimated to be approximately Rs. 7.13 per unit.
- Government of Jharkhand has written to the Ministry of Power that they are initiating the process for conducting a fresh survey of Project Affected Persons. This is a very exhaustive and time consuming exercise as the R&R involved in this Project is very high.
- Revival of the project requires the approval of CCEA for which pre-conditions by NHPC and Government of Jharkhand have yet to be fulfilled.

[Ministry of Power OM No. G-20020/5/2001-Bud.

Dated: 06.12.2001]

Recommendation (Sl. No. 30, Para No. 2.156)

The Committee also desire that NHPC should review the progress of all items on going projects which are likely to materialize during 10th & 11th Plans and propose a time schedule for each of the projects taking into account all relevant factors and then ensure that the schedule is adhered to. The Committee may be informed within three months about the action taken in the matter.

Reply of the Government

For projects to be commissioned in 10th and 11th Five Year Plan, Power Project Monitoring Committee (PPMC) has been constituted under the chairmanship of Special Secretary (Power), Government of India. For each project, milestones have been identified/finalised and monitoring will be done on periodic basis to ensure that the schedule of the milestones are adhered to.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 34, Para No. 2.179)

The Committee note that the Commissioning schedule December, 2002 of Tehri Hydro-Electric Power Project Stage-I is likely to be further delayed since the Old Tehri Town is yet to be fully vacated. The Committee are constrained to observe that although Project Affected Families (PAFs) have been allotted plots/flats/compensation, there are still 2336 PAFs who have yet to vacate the Old Tehri Town which was envisaged to be vacated by March, 2001. The Committee are further concerned to note that this has resulted in non-closure of Tunnels T-3 and T-4 and an estimated revenue loss of approximately Rs. 3 crore per day on account of non-generation of electricity in addition to the cost over-run due to escalation on balance work and an interest burden on loan portion. The Committee fail to understand the reason why the vacation of Old Tehri Town was not completed as targeted by March, 2001 in spite of allocation of plots/flats and compensation to the land oustees. It is surprising that 25 serving employees of THDC are still staying with their parents/families in the town. The Committee strongly urge the Government that all necessary steps should be taken to immediately get the Old Tehri Town vacated by the unauthorized occupants and especially by 9 Government/Semi Government/educational & financial institutions who are responsible for further escalation of project cost. The Committee would like to know the immediate action taken by the Government in this regard.

Reply of the Government

The project authorities, namely, Tehri Hydro Development Corporation (THDC) in close coordination with the concerned authority in Uttaranchal looking after the rehabilitation of the project affected persons of Tehri HEP had made all preparations for the closure of Diversion Tunnels T3 & T4 in March, 2001 despite the agitation by a section of the local population. Unfortunately, the planned closure of these Tunnels could not be achieved in March, 2001 mainly because of agitational approach resorted to by the Vishwa Hindu Parishad (VHP) and joined by Shri Sunderlal Bahuguna as a result of which 11 Member Committee headed by Dr. Murli Manohar Joshi, Minister for Human Resource Development was constituted on 10th April, 2001 to go into the concerns raised, namely, (i) seismic safety of Tehri Dam in the wake of Bhuj Earthquake (ii) possible impact of Tehri Dam on self-purification quality of Ganga Jal etc.

With the plugging of right bank Diversion Tunnels T-3 & T-4, water in the river shall start heading up till the reservoir level reaches 632 m and the flow commences through the left bank Diversion Tunnels T-1/T-2 the water level would then rise to about 640 m during non-monsoon period, and may rise upto EL 706 m in monsoon period depending upon the flood magnitude. The Old Tehri Town is located between EL 635 m and 660 m. Therefore, with the closure of Diversion Tunnels, the portions of Town situated at lower levels would get submerged during the monsoon period.

Decision was taken in consultation with THDC and the Government of Uttaranchal to close these diversion tunnels T3&T4 in November-December, 2001. It may be submitted that only three Government offices are left to be shifted. The Government Offices mainly Police Station, Fire Station and Hospitals being essential services have been planned to be shifted in the first place and necessary arrangements for their shifting have been completed in New Tehri Town. The serving employees of THDC who are staying with their parents shall also be shifted along with the population.

It has been estimated that there will be a revenue loss of about Rs. 3 crores/day besides time and cost over-run. Besides this, there would be interest burden at the rate of Rs. 1 crores/day. Delay in closure of tunnels will also attract huge claims from the contractor.

THDC has commenced closing these tunnels T-3 and T-4 on 2nd December, 2001 and completed it on 5th December, 2001 All the four units of 250 MW each of the Tehri Project are expected to be commissioned by August, 2003.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see paragraph 51 of Chapter I of the Report).

CHAPTER III

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

Recommendation (Sl. No. 1, Para No. 2.6)

The Committee are unhappy to note that the approved Plan outlays of the Ministry of Power during 2000-01 which were budgeted at Rs. 9720.80 crore were reduced to Rs. 8345.38 crore at RE stage. The IEBR component during the year got reduced by Rs. 1439.41 crore (Rs. 7079.21 crore-Rs. 5639.88 crore). The Committee have further observed that the most significant reduction in IEBR component was in respect of Powergrid at Rs. 600 crore, followed by DVC at Rs. 350 crore and NHPC Rs. 200 crore. The Committee are dismayed to note that inspite of their repeated recommendations to firm up realistic Plan outlays at BE stage, the same have been changed at RE stage. The Committee are not convinced with the various reasons given by the Government for making changes in the IEBR component at RE stage. The Committee note that this year also IEBR targets have been unrealistically fixed at Rs. 8237.53 crore which is much higher than the targets of 2000-01 at Rs. 5639.80 crore and may have to be cut down at RE stage. Although, the Govt. have stated that quarterly review meetings are being held regularly to review physical and financial progress of the projects, the Committee feel that by making timely intervention and efforts, the problems could have been avoided. The Committee note with concern that NHPC, a pioneer producer of Hydro-electric power in the country, which proposed to take up a Wind Energy project in Tamil Nadu with a provision of Rs. 220 crore during 2000-01, has now shelved the project. The Committee fail to understand this and would like to know the reasons as to why a project of Wind Energy was initially proposed to be carried out by NHPC and shelved later on.

Reply of the Government

As regards Powergrid, one of the major factors for reduction in the IEBR was that the transmission projects related to the Gas Based Thermal Project could not take off. Also there was some delay in the sanctioning of Talcher II transmission project. For 2001-02, the IEBR at BE stage was Rs. 8237.53 crore. This has been somewhat reduced to Rs. 7310.28 crore at RE stage. However, the GBS at RE stage is likely to go up. Ministry of Power has proposed a GBS of Rs. 3650 crore at the RE Stage against GBS of Rs. 2828 crore at the BE stage for 2001-02.

Southern Region was facing acute shortage of power and many hydro projects were languishing because of Inter-State disputes. Most of the Southern States were reluctant to hand over the hydro projects for development in the Central Sector at that time. The development of wind energy projects with gestation period of only 6 to 12 months, without any requirement of fuel and no burden on infrastructure, was considered an appropriate and immediate solution under above mentioned circumstances, NHPC decided to explore the possibility of taking up Wind Power Projects as a diversification measure. However, on reconsideration, it was considered that as NHPC has got the expertise from concept to commissioning in hydro power projects, it should utilise its specialisation in development of hydro-power projects only. Accordingly, the idea of developing wind power projects as a diversification measure was dropped.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 2, Para No. 2.7)

Taking note of the fact that the much needed IEBR targets of Power PSUs approved during 1998-99, 1999-2000 and 2000-01 could not be materialised resulting in slippage of various generation and transmission projects from the 9th Plan to 10th Plan, the Committee feel that the monitoring and implementation cell in the Ministry of Power failed to project realistic Plan outlays and desire that more care should be taken to achieve targets of generation and transmission during 2001-02. The Committee hope that the Plan outlay of Rs. 11065.53 crore for the year 2001-02 with enhanced outlay for NHPC and THDC will be materialised as targeted. The Commission will also like to know the steps taken by the Government to achieve IEBR targets and increased investment required in power sector to generate additional 1,00,000 MW of power during the 10th & 11th Plan Periods.

Reply of the Government

The Annual Plan for Ministry of Power (2001-02) and BE was Rs. 11065.53 crore consisting of GBS of Rs. 2828 crore and IEBR of Rs. 8237.53 crore. At the RE, Ministry of Power has proposed an enhanced GBS of Rs. 3750 crore. IEBR has been somewhat reduced to Rs. 7310.28 crore. The total plan outlay at RE is Rs. 10960.28 crore which is marginally lower than the BE.

The utilisation of IEBR is reviewed from time to time. It is also discussed during the quarterly progress review of CPSUs. As per the Report of the Working Group of Power for formulation of 10th Plan, Rs. 5,66,273 crore approximately is required for the 10th Plan in the Power Sector as under:

	(Rs. in crores)
(i) Generation Schemes (excluding Nuclear Projects)	3,23,533
(ii) Nuclear Projects	28,127
(iii) Transmission & Distribution	1,50,957
(iv) Load Despatch and Telecommunication	877
(v) Renovation & Modernisation Schemes	12,266
(vi) Man Power Planning and Training	93
(vii) Research & Technology Development	5,000
(viii) Rural Electrification	42,920
(ix) Demand Side Management	2,500
Total	5,66,273

No decision has been taken yet in respect of fund requirements for the XI Plan.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

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

The Committee observe that the target of 40,245 MW power generation during 9th Plan has been revised to 24,309.40 MW during mid-term appraisal of the Plan conducted in July, 1999. The Ministry of Power further reviewed the situation and as per current estimates 21564.5 MW of power is likely to be achieved during 9th Plan. 7 projects of NTPC — scheduled for 9th Plan, now stands slipped to 10th Plan. Besides this, THDC, Kopili (NEEPCO), Nathpa Jhakri (NJPC), Maithon Right Bank Thermal (DVC) and Dulhasti (NHPC) — have also slipped to 10th Plan. The Committee are unhappy to note that 8th Plan had failed due to too much reliance on private sector and now 9th Plan is also going much the same way and the set targets are affected due to resource crunch and because of fixing unrealistic targets. The Committee are not convinced with the reply of the Government that 6779 MW of Power generation will be achieved during the last two years of 9th Plan against 2950 MW likely to be added during first three years in the Central Sector. The Committee feel that the generation of 1,07,000 MW of power, as projected to be achieved by CEA during next 10 years, is also unrealistic with the proposed funding pattern. The Government have not made any perspective plan for investment in power generation sector as it proposes to achieve the target of additional power generation of 1 lakh MW in 10 years, which is the equivalent if what the country could achieve in 50 long years since independence. The Committee, therefore, desire that the Government should draw up a realistic achievable plan with firm details of the source of funding of these power projects in the 10th & 11th Plans and beyond, if necessary and the Committee be apprised of the same.

Reply of the Government

It is true that the capacity addition programme in the 8th and 9th Plan have been much below the target and the primary reason for this is that private sector participation has not picked up. In the 9th Plan, out of the original target of approximately 40,245 MW, the target for the private sector was about 17,500 MW. As against this, the actual achievement would be about 5139.00 MW only. The main reason for non-achievement of targets in the private sector are lack of escrow cover, problems in fuel linkage and litigation. There have been some setbacks in public sector projects also like that of THDC (1000 MW) and NJPC (1500 MW), which was primarily on account of agitation and natural calamities. The absence of adequate gas supply also affected the four gas-based plants of 650 MW each of NTPC.

The target of setting up an additional capacity of about 100,000 MW in the next 10-12 years is based on the demand estimates made by the 16th Electric Power Survey which has estimated that by the terminal year of the 11th Plan, *i.e.* by 2012, the peak load demand would be approximately 1,57,000 MW. A very detailed exercise has been conducted by the Working Group for the power sector for the 10th Five Year Plan and detailed discussions have been held by the State Electricity Boards/State Utilities to assess the likely capacity addition. Separately, discussions have been held with the CPSUs in order to make a realistic plan for them for the 10th Plan. It is expected that the performance in the 10th Plan and 11th Plan would be better than what was achieved in the 9th Plan since reforms in the power will pick up and the positive effect of it would be felt in the next 2-3 years. We hope that in the near future, the financial health of the State Utilities/State Electricity Boards would improve on account of rationalisation of tariffs and this itself would enthuse the private sector to invest in the power sector.

It may also be added that the Ministry of Power of the Government of India has tried to impress upon the Planning Commission and also the State Governments that they should enhance the power sector outlay to take care of the interim period till such time reforms make a positive dent. It would be pertinent to point out that in the last Plan period, the investments in the State power sector have dropped significantly, thereby affecting the capacity generation programme.

The Government has also set up a Committee under the chairmanship of former CMD of Power Finance Corporation to look into the question of financing of power sector projects in the 10th and 11th Five Year Plan. The work of this Committee is in progress and it would make an assessment of the financial requirement, given the projected capacity addition for the 10th and 11th Five Year Plans. While giving its recommendations, the Committee is expected to make an assessment whether the projected capacity addition is viable, given the supply of financial resources.

There are related issues which have been taken up by the Government for enhancing of power supply position and in a way, contribute to capacity generation. A new scheme by the name of Accelerated Power Development Programme (APDP) has been initiated from the year 2000-01 which would provide financial assistance to the States undertaking renovation and modernisation and also for strengthening of the transmission and distribution network, including metering. The Energy Conservation Act has also been passed by the Parliament recently which would enable the setting up of Bureau of Energy Efficiency (BEE) and give a fillip to energy conservation measures which indirectly would lower the need for additional capacity. The Government has also formulated a Captive Power Policy which encourage linking of excess capacity to the grid.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

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

The Committee have been informed that out of 28 coal and lignite based pit-head power projects to give benefit during 10th & 11th Plans, 14 have already been cleared by CEA. The Committee would like to know planned commissioning of new lignite projects at Kutch and Mangrol in Gujarat and Barsingsar in Rajasthan. The Committee are also surprised to note that Nabinagar project which was identified as pit-head thermal project in 1988 and as a Mega power project in 1995 is not taken up so far by NTPC and projects like Barh in Bihar which are at about 400 Km from the coal mines are being proposed for implementation. The Committee, therefore, recommend that Government and NTPC to make all out efforts to implement Nabinagar thermal power project identified way back in 1988. The Committee would await information regarding steps taken in this regard which are in consonance with Government policy to set up thermal power plants at pit-head.

Reply of the Government

The status of new lignite projects at Kutch and Mangrol in Gujarat and Barsingsar in Rajasthan is given below:

1. Kutch Lignite based TPP Extn. U-4 (1x75) MW.: DPR has been received for 75 MW. Comments on availability of inputs/clearances and cost aspects were sent to Gujarat Electricity Board on 5th Jan. 2001. Reply from GEB is awaited.
2. Surat Lignite Power Project at Mangrol-Phase II (2x125 MW): DPR has been received. Comments on availability of inputs/clearances sent M/s GIPCL on 8.01.2001. Comments on cost aspects were sent on 16.11.2000. The scheme is under examination for detailed comments.
3. Barsingsar Lignite Mining cum Thermal Power Gen. Project (2x250 MW): Scheme was granted TEC on 20.4.98. The commissioning of the project is scheduled as under :
 - U-1 38 months from financial closure
 - U-2 42 months from financial closure
 Project is delayed since financial closure not achieved.

Nabinagar thermal power station was originally conceived by Bihar SEB in 1988-89 for an ultimate capacity of 1500 MW with World Bank assistance. However, due to paucity of funds with the State Government, implementation of the project could not be taken up.

Policy for development of Mega Power Project having capacity of 1000 MW or more and catering power to more than one state, in private sector through competitive bidding route was announced in November, 1995. Nabinagar was identified for development as first Mega Power Project of 1000 MW capacity under this Mega Power Policy including development of associated coal mine. Notification for pre-qualification of IPPs for the project was issued by Power Grid on ICB basis. Eight parties purchased the RFQ document. Perspective project developers raised doubts about the commercial viability of the Captive mine. Thereafter, the captive mine was changed from North Dhadu (geological reserves of 900 million tonnes) to Dumargarh (geological reserves of 268 million tonnes) whose complete Geological Report was available. Fresh notification incorporating above changes in RFQ documents was issued by Power Grid. Only two parties purchased the RFQ document. Due to poor response, further bidding process was abandoned. Subsequently in the revised mega power policy approved by the Cabinet in October, 1998, Nabinagar was not included in the list of Mega Power Projects NTPC was not identified to be the implementing agency for Nabinagar project any point of time.

As regards the distance over which the coal has to be transported for Barh STPP, Railways has already confirmed implementation of North Karanpura-Hazaribagh-Kodarma-Talaiya-Rajgir-Bakhtiyarpur-Barh, on completion of which coal transportation distance to Barh site would come down to 250 kms. Approx.

As a part of NTPC's Corporate Plan to become 40,000 MW plus Company, it has formulated its capacity addition programme to add a capacity of about 20,000 MW up to the year, 2012 and have identified a list of viable projects including the following mega projects in the Eastern Region-Kahalgaon STP-II (1320 MW) and Barh STPP (1980 MW) in Bihar and North Karanpura STPP (1980 MW) in Jharkhand identified by Govt. of India in the revised Mega Power Policy for implementation by National Thermal Power Corporation.

Since all existing and likely resources have been fully leveraged for existing plan, any further project will have to be linked to resources availability and for 12th plan completion.

Further, this capacity addition programme is subject to 95% collection of current dues, 100% realisation of past outstanding dues progressively through securitisation, and continuance of two part tariff regime as per K.P. Rao Committee recommendation. Implementation of CERC's recent order on Availability Based Tariff (ABT), depreciation etc. will substantially reduce Internal Resources Generation by NTPC. As per the study carried out by M/s. A.F. Ferguson, in case of implementation of CERC order, IR available would be just adequate to finalise new capacity addition of only around 6000 MW during the period upto 2012 which will also have to be reduced to 4900 MW according to M/s. A.F. Ferguson due to reduced capacity to borrow.

As a part of its long term planning exercises, however, NTPC keenly investigates suitable locations for setting its future power plants and looks very closely at promising locations all over the country. In this context, NTPC would take up site specific studies/investigations in future to examine suitability of Nabinagar STPP for benefits in 12th Plan period.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 7, Para No. 2.36)

The Committee note that conservation and efficient use of energy is to be treated as one of the major thrust areas keeping in view that need to bridge the gap between the demand and availability of various forms of energy. Measure to promote conservation of energy need to be taken both on the supply side and the demand side. These include awareness and training programmes, energy audits, demonstration-cum-pilot projects and policy studies. Although, the Committee appreciate that the Government have introduced the Energy Conservation Bill for conservation and efficient use of Energy, the Committee are constrained to note that funds allocated at Budget Estimate stage during 2000-2001 were drastically reduced to Rs. 2.75 crore from Rs. 15 crore. The reply of the Government that there were funds constraints and awareness campaign of Energy Conservation Schemes for Industry & Agriculture did not take place pending constitution of the Bureau of Energy Efficiency does not sound convincing to the Committee. The Committee feel that the Government should have taken the awareness campaign at full pace pending passing of the bill on Energy Conservation, especially for educating people from industrial and agriculture sectors. The Committee would also like to know the reasons why CPRI could not formulate the schemes, to implement its own recommendations based on audit of 20 thermal power stations.

Reply of the Government

The Government has taken a decision to promote energy efficiency in the industrial as well as in the agricultural sector through development of sustainable models rather than giving subsidy/assistance for implementation of schemes for promotion of energy efficiency. The industrial establishments do not have confidence in implementing the recommendations made in the energy audit report. The Govt. feels that if a performance guarantee is provided to promoter that fees for services rendered would be paid on the basis of the measures and verified energy savings, confidence on the part of the industrial units would increase in implementing such recommendations. These types of performance contracts are in vogue in various developed countries. Development of a model performance contract as well as energy service companies suitable to Indian conditions are, therefore, considered essential to promote energy efficiency in the country. The Government in association with USAID under ECO project and through Indo-German Energy Efficiency and Environmental Project are evolving model performance contracts and energy service companies for meeting such needs in the country. The development of these institutional arrangements are likely to take place in two or three years. Once these institutional arrangements are firmed up these could be utilized to promote as well as to improve energy in the country. The new schemes envisaging promotion of energy efficiency with Government assistance/grants are not being considered for implementation accordingly.

In order to have a focussed awareness campaign programme, awareness campaign need to be modified in the light of the Energy Conservation Bill which *inter-alia* provides for labeling of domestic appliances. These awareness campaign is planned to be need based to provide information on energy used for appliances for the consumers to make an informed choice and benefits of life cycle costing.

The CPRI which has conducted energy audit in some of the power utilities was asked to take initiative for implementation of the recommendations made by it the energy audit report in consultation with power utilities by adopting a concept of Energy Service Company. They had held discussions with various power utilities but have not been successful in evolving a scheme in the absence of model performance contract as well as model energy saving company operating in the country. Accordingly, they could not formulate a scheme for implementation of its own recommendations based on the energy audit conducted by it. The institutional arrangements envisaged are intended to be promoted and firmed up by taking the policy initiatives once the Bureau of Energy Efficiency (BEE) comes into existence and starts functioning.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 9, Para No. 2.62)

The Committee do not concur with the view of the Government that 86% villages in the country have already been electrified and 14% are yet to be electrified. The experience of the Committee, however, show that the percentage of un-electrified villages is much higher. The Committee desire that a fresh study/survey should be conducted to assess the actual percentage of villages which have yet to be electrified and they be apprised of the outcome thereof. The Committee are further constrained to note that although a fund of Rs. 147.07 crore was disbursed during 2000-01 (upto 28.2.01) for village electrification and intensive electrification programme, only 393 villages were electrified upto October, 2000. The Government have attributed this poor performance of rural electrification scheme to financial constrains of State Electricity Boards, inadequate sub-distribution system facilities, non-payment of dues of Rural Electrification Corporation (REC) and reluctance of States in implementing un-remunerative rural electrification programmes. The Government have now started a plan for total electrification (100%) in the country within next 6 years. Funds are proposed to be augmented for village electrification under Pradhan - Mantri Gramodya Yojana (PMGY) and a sum of Rs. 7.50 crore is also earmarked from Rural Integrated Development Fund (RIDF) for rural electrification works, etc. The State Governments have been asked to undertake survey of remote un-electrified villages including basis and are expected to complete it by 30th April, 2001.

Reply of the Government

Rural Electrification is primarily the responsibility of the State Government who own and operate the distribution system in the State. However, Government is considering a plan of action to achieve 100% electrification during the next six years *i.e.* by 2007. Ministry of Power has taken up the matter with the State Governments regarding collection of information about the un-electrified villages including tribal and remote villages, besides that of the un-electrified dalit/tribal bastis inhabited predominantly by the SC/STs. Information has been received from the States of Madhya Pradesh, Chhattisgarh, Himachal Pradesh, Rajasthan, Tripura, Delhi and Sikkim and UTs of Pondicherry, Lakshadweep, Chandigarh (by 31st May, 2001). Other States/UTs have been requested to expedite submission of information.

Inclusion of 10% electrification of rural households within the revenue boundary of village as the criteria for declaring as electrified has some inherent difficulties. While the SEB can discharge the responsibility of bringing electricity to the inhabited area, extending supply to households would depend generally on factors external to the SEB. There is always a time gap between extending infrastructure and developing the load in the area as the release of connections is a continuous process phased over number of years. The progress and achievement would depend upon the various external factors such as pending demand of registered applications, willingness and financial capability of the domestic consumers to avail connection in addition to procedures/policies being adopted by the SEBs for release of connections etc. There would also be problems of correct data on number of household, population in the village to work out the percentage electrification as they could be changing from time to time. Having completed the basic work of extending the infrastructure upto the inhabited locality it does not seem practicable to link declaration of the village as electrified with a minimum number of household's electrification in the village in view of the difficulties enumerated above. Under the new definition, electrical network will be close enough to the consumers for availing electricity on demand. Even as per the existing definition substantial investments will be required to ensure 100% coverage. Raising the target at this stage will also increase the requirements of funds correspondingly. Once 100% coverage is achieved as per the existing definition, load intensification can be taken up to cover all households in phased manner.

The Planning Commission *vide* their letter No. P-12019/1/2001-RD dated May 2, 2001 have written to all the States and Union Territories (UTs) regarding distribution of allocation of Rs. 2,800 crores as Additional Central Assistance (ACA) for implementation of the Pradhan Mantri Gramodya Yojana (PMGY) during the year, 2001-02. Following inclusion of 'Rural Electrification' as an additional component under PMGY, it has been decided to earmark 10% of the ACA for each of the six components of PMGY except for the nutrition component which would continue to have a minimum allocation of 15%. The allocation of remaining 35% of the ACA is to be decided by the States and UTs themselves based on their own priorities. As per the Plan of Action formulated by the Government for achieving 100% electrification of all the 62,000 un-electrified villages feasible to be connected with the grid by the year, 2007. It has also been proposed that at least one dalit/

tribal basti in each village being proposed for electrification would be included in the scheme, wherever feasible. If there are no dalit/tribal basti left to be electrified, this condition would not be necessary. In respect of the villages which have already been electrified, electrification of atleast one dalit/tribal basti in each village, if not already electrified, wherever feasible, as identified by the State Government, would also be eligible to be included under the programme. The State Governments have also been requested to indicate their requirement of funds for 'Village Electrification' under PMGY for electrification of about one sixth of the un-electrified villages feasible to be connected with the grid during 2001-02. The Note for the Cabinet on 'Action Plan for 100% Village Electrification and other issues pertaining to 'Rural electrification' has already been sent for approval of the Cabinet on 30th May, 2001. It is also proposed that all the funds for 'Village Electrification' so far available for MNP States and well as under RE (Normal) should flow under PMGY as Additional Central Assistance and the amounts earmarked accordingly for the States with un-electrified villages. The draft guidelines for implementation of PMGY in consultation with the Department of Expenditure, the Planning Commission and the Ministry of Rural Development have also been formulated for circulation amongst States.

For improving the quality and reliability of service to rural consumers within the nominally electrified villages to yield a greater development impact on the rural economy, augmentation of distribution networks in rural areas would be supported by REC under the Accelerated Power Development Programme (APDP) as well as the system Improvement and Load Intensification schemes of REC for substantial rehabilitation of service connections to improve the currently poor operating conditions and high losses of rural distribution system. REC has now been allowed to access cheaper funds by raising bonds under Section 54 EC of the Income Tax Act, and at least Rs. 750 crore are being earmarked for rural electrification by NABARD under RIDF during the current financial year. The financial problems of State Electricity Boards would also gradually improve due to thrust on reform and restructuring process. Sixteen States have either set up Regulatory Commissions or are in the process to do so. Many States have already unbundled vertically integrated utilities and formed distribution companies which are being privatised. The SERCs of Orissa, Andhra Pradesh, Uttar Pradesh, Maharashtra, Gujarat, Haryana, Delhi, Karnataka and Rajasthan have also issued tariff orders. With the restructured power sector and the steps such as 100% metering, billing and improvement in collection efficiency, and energy audit, it is expected that T&D losses would go down to a realistic level. Successful completion of these efforts are likely to result in improvement in availability of power in villages as well.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 12, Para No. 2.81)

The Committee observe that the Central Regulatory Commission, a statutory body has been created to regulate the tariff of generating companies owned or controlled by Central Government and of generating companies who enter into or otherwise have a composite scheme for generation and sale of electricity in more than one State. The Committee have been informed that while fixing tariff the Commission is also to keep in view. The factors that would encourage efficiency and economical good performance optimal investment and other matter which the Central Commission considers appropriate. The Committee are constrained to note that instead of harmonious and coordinated efforts to improve investments in generation and transmission sector, the order of Central Electricity Regulatory Commission (CERC) covering terms and condition of tariff during December, 2000 based on Availability Based Tariff (ABT) has been challenged by National Thermal Power Corporation (NTPC) in the Delhi High Court. NTPC has informed the Committee that its project investment capacity will be substantially reduced by Rs. 18,000 crore by the year, 2012 because of the order of the Central Regulatory Commission. The Committee desire to know why the Draft Notification on tariff dated 7.4.1999 finalised by National Task Force (NTF) based on Availability Based Tariff (ABT) was not accepted by the Central Electricity Regulatory Commission (CERC). The Committee are further perturbed to note that although the Government under Section 38 of Electricity Regulatory Commission (ERC), Act have power to issue policy directive to Central Electricity Regulatory Commission (CERC), the Government failed to respond and the matter had to be taken to court. The Committee recommend that Government should intervene in the matter and issue necessary policy directions under Section 38 of the Electricity Regulatory Commission (ERC) Act, to ensure that the orders issued by the Central Commission do not in any way adversely affect the investment in future power projects and the financial conditions of any of Central PSUs and they do not have to take recourse to the court of law. In view of spate of litigations over the order of CERC in the recent past, the Committee desire that the Government should view the whole gamut of CERC, so that the objective for which it was set up does not become counter productive.

Reply of the Government

"While fixing tariff, CERC is guided by:—

- (i) The capacity of the generating company to earn adequate return and at the same time to ensure that it does not exploit its dominant position in the generation and sale of electricity.
- (ii) The factors which would encourage efficiency, economical use of the resources, good performance and optimum investments.

Based on the above norms, CERC has fixed higher efficiency parameters for central generating stations. The old parameters were fixed way back in 1992. This decision of CERC is very much within its mandate. As far as CPSU contention of reduction in profits/surpluses, the Ministry cannot support their demand for revenue neutrality without improving efficiency. Moreover, CERC has allowed NTPC to charge development surcharge @5% of the fixed charges.

The Government has also set up a Committee to formulate a tariff policy. The Committee is yet to submit its report. Once the report is received, Ministry will examine whether there is any need to issue directive to CERC.

As far as a review of the functioning of CERC is concerned, CERC was set up only 3 years back and any review of its functioning at this stage would be premature".

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 17, Para No. 2.112)

On the basis of convergence, the Committee have been informed that POWERGRID has, with the approval of Government, amended its Memorandum and Articles of Association to provide for "telecommunications" as a main object with a view to carrying out telecommunication business in addition to its present activities. DOT has already granted the license of POWERGRID for IP-II and the License Agreement for IP-II between POWERGRID and DOT was signed on 29.02.2001. The Committee would like to reiterate that basically Power Grid Corporation was set up with Public funds to

plan, promote and develop an integrated and efficient power transmission network in all its aspects. The Committee note that in foreign countries transmission entities have entered into telecom sector only when they reached the point of saturation in transmission. The Committee therefore recommend that there is need to review the decision taken by PGCIL to converge into telecom sector. Pending the review, the Committee desire that Power Grid's entry into telecom business should not adversely affect its commitment towards the transmission sector in future solely on the ground that telecom business is financially more attractive than transmission business. The Committee observe that about Rs. 80000 crores are required to be generated and invested in power transmission in the next 10 years and Power Grid has stated that its existing infrastructure with an additional investment of about Rs. 1100 crores during the 9th & 10th plans would help them to raise resources for investment in transmission network. The Committee would like to know the likely return on investments made by Power Grid (PG) on telecom infrastructure and desire that a plan be formulated for targeted investments in transmission sector from the funds raised from telecommunication business during the next 5 years and the Committee be appraised of the same within 3 months.

Reply of the Government

The vast infrastructure at the disposal of power transmission utilities can provide an alternative information backbone network which can provide connectivity to cities, towns, rural areas/unserved areas and can provide broadband services in a most cost-effective manner by overlaying communication cable.

The synergic convergence between the above transmission and telecom sectors promises unique opportunities as has already been established worldwide in developed and developing countries. Many transmission utilities have diversified into telecom business and analysis of major 50 utilities the world over indicates that 30 transmission utilities have diversified into this business and are operating successfully. It is pertinent to mention that these foreign transmission utilities have diversified primarily due to opening up of the telecom sector by the respective Governments and providing them an opportunity to enhance their business value by utilizing the inherent Right of Way available for developing optic fiber telecom network. The commercial telecom business has thus been a natural extension for transmission utilities.

POWERGRID Consultants have also undertaken extensive studies of various utilities which have diversified into telecom business and there are many successful example of the same like Energies, a telecom entity carved out of a National Grid Company, UK; Telivo, a telecom company carved out of IVO, a transmission utility in Finland; Tokyo Telecommunication Network (TTNet) was established to exploit Tokyo electric power company's (TEPCO) infrastructure assets. WIND, a telecom company set up by ENEL, a vertically integrated electricity utility in Italy. It is worth mentioning that all these successful telcom companies have entered into this business not only when they have reached the point of saturation of transmission business but have also undertaken the diversification process after being offered the opportunity of liberalized environment by their respective Governments and exploiting the advantages of their inherent Right of Way available to them to add value and for sustaining the growth.

POWERGRID is implementing Unified Load Despatch & Communication (ULDC) projects in a phased manner in all five regions of country, already approved by Government of India for real time monitoring, better management of grids through state-of-the-art Supervisory Control and Data Acquisition (SCADA) & Energy Management System (EMS) technologies. These projects require dedicated wideband communications networks. POWERGRID has already laid out an optical fibre network of over 4,000 kms in Northern and Southern Regions and has deployed latest techniques of live line installation without compromising on the availability of transmission network. A part of the system has been commissioned and is in operation. The Communication part of the ULDC scheme for Northern and Southern Regions are likely to be fully operational by end of the year 2001-02. POWERGRID is also in the process of installation of optical fibre cables of about 2,500 km in North-Eastern, Eastern and Western Regions. Thus, POWERGRID shall own and operate about 6,500 kms. of optical fibre network for its captive communication purpose.

Under these ULDC projects, POWERGRID has installed/is proposing to install optical fiber having 12/24 fibres out of which 6 fibres are sufficient to meet the internal communication requirements of EMS/SCADA and the balance could be utilized for commercial purposes. The spare capacity available to POWERGRID, as a part of the all India optical fibre network in the existing and planned telecom infrastructure to support its core electricity business, can be utilised to exploit telecom market liberalisation as per the National Telecom Policy-1999 (NTP-99). Thus, optimal exploitation of infrastructure assets will enable POWERGRID to make available telecom services at relatively low cost at high quality to the consumers.

Further, it is envisaged that POWERGRID's entry into telecom business will maximise the returns to POWERGRID. It may be noted that there is no budgetary support from Government of India for establishing Transmission System, as per the projections till the year 2012. POWERGRID will need massive investment to implement its various transmission schemes. The additional resources from telecom business will be ploughed back to establish the much needed National Grid. An investment gap in the formative stage of the telecom diversification shall be mitigated through arranging funds from other sources without affecting the implementation of ongoing and planned transmission system. Telecom business will be a synergic use of available infrastructure which would result in providing telecom services at lower cost to the consumers. POWERGRID is diversifying into telecom business in a limited manner and in such a way that it will not affect the mission for which it has been established. In the event POWERGRID ventures into a full-fledged telecom operations such as NLDO, the same shall be carried out by a separate company thereby ensuring that the core business of POWERGRID is not affected. POWERGRID is conscious of its responsibilities and in no way, shall compromise on the responsibilities bestowed on it and transmission field shall remain the priority for POWERGRID.

POWERGRID plans to establish broadband network of over 40,000 kms. which will cover about 56 locations including all metros, State capitals, major cities and towns, rural areas including North-eastern Region. It is estimated that the project cost will be about Rs. 975 crores for laying the core network along with associated telecom equipment cost and is being funded by World Bank under POWERGRID System Development Project-II (PSDP-II). The project will be completed in next 2-3 years time. As advised by Consultants, POWERGRID plans to enter the telecom business as an Infrastructure Provider-II operator and has already been granted license for the same by DOT. Based on the Consultants' recommendations and financial analysis of the project keeping in view the capital cost, roll out plan, revenue generated from targeted market share and discounts on tariff etc. it is estimated that project IRR based on World Bank funding with Deb: Equity ratio of 80:20 will be about 24.73%. It is expected that POWERGRID will be able to generate revenue of about Rs. 2 crores during Financial Year 2001-02 which will increase to over Rs. 250 crores by the end of the Financial Year 2005-06 and over Rs. 550 crores by the Financial Year 2009-10. It has been also observed that the business would become cash positive by the year 2006 and the pay back period for the project will be by 2008.

POWERGRID shall formulate plans to make investment in transmission from the funds generated from telecom business when surplus funds are available from the profits generated.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Recommendation (Sl. No. 18, Para No. 2.113)

The Committee have observed that the cost of laying underground optical fibre cables has increased from Rs. 2.6 lakhs per km as claimed by PGCIL to Rs. 6 lakhs per km. The Committee have also noticed that debt: equity ratio of the company has gone upto 70:30 from the desired ratio of 50:50. The Committee, therefore, desire that Government of India should re-assess the actual cost of laying optical fibre cables and the reasons for increase in the debt equity ratio of the company and the Committee be appraised.

Reply of the Government

This issue was deliberated in detail during PIB meeting held on March 30, 2001 and the cost aspect of fibre optical cable was discussed with DoT. In the project cost, POWERGRID cost of supply and installation of underground cable, assumed as about 2 lakhs per km., was considered for reinstatement/refurbishment cost which is payable by the telecom utilities including DoT in city/towns while laying optic fibre cable. Subsequently, the cost assumed by POWERGRID was concurred in by DoT. However, in view of the latest market trends, the estimated cost of the project is being reviewed in consultation with the Deptt. of Telecommunication. The actual cost of installation of optic fibre cable shall be based on the price obtained through open competitive bidding process.

(b) Debt:Equity ratio

As per the Balance Sheet of POWERGRID for the financial year 2000-01, Debt:Equity ratio is 57:43, whereas the allowed norm is 80:20. It may be clarified that Government of India, in the year 1994 decided to adopt 80:20 (4:1) debt:equity ratio in power sector projects breaking away from the earlier uniform norm of 50:50 (1:1) for all the sectors.

[Ministry of Power, OM No. G-20020/5/2001-Bud.

Dated 6.12.2001]

Recommendation (Sl. No. 21, Para No. 2.128)

While observing that 5 Units of Badarpur Thermal Power Stations (BTPS) are being operated at PLF of 81.1% and 83.7% during 1999-2000 and 2000-01, the Committee note that R&M Phase-I scheme approved in 1986 for the project was completed only in 1995. Since the project is being operated at above 80% of PLF, the Committee would like to know the details of activities which are likely to be implemented with the proposed estimated cost of Rs. 187.77 crore for R&M Phase-II of the project which was refused by Ministry of Finance. At the same time, the Committee would also like to know whether there is further need for immediately R&M of the plant even after investments of Rs. 14.70 crore and Rs. 14.91 crore under SFC-I and SFC-II schemes sanctioned by Standing Finance Committee (SFC) in November, 1998 and June, 2000 respectively. The Committee also feel that NTPC should make all our efforts to liquidated/recover outstanding dues of Rs. 8892.52 crore from DVB so that necessary R&M activities can be carried out and outstanding dues of BTPS to coal companies and Railways amounting to Rs. 753.13 crores and 986.56 crore respectively can be liquidated. The Government have further stated that Government of NCT of Delhi/DVB failed to honour its commitment of paying the current dues (Rs. 879.81 crore) in full and old outstanding of BTPS. The Committee are constrained to note that although the State utilities continue to avail power generated by PSUs, they failed to pay for their energy bills. The Committee are perturbed to note that after formation of DVB, Rs. 879.81 crore as principal and Rs. 454.80 crore of surcharge has accumulated. The Committee expect that at least the outstanding dues of DVB accumulated after its formation be liquidated at earliest.

Reply of the Government

1. The activities proposed under R&M Phase-II are enclosed at Annexure. Pending implementation of R&M Phase-II Scheme, certain activities are of urgent nature out of this scheme as indicated in then *annexure* have been taken up under SFC-I & SFC-II Schemes. As the cost of R&M Phase-II scheme at Rs. 187.77 crores has been based on 1996 price level, the cost after deletion of works covered under SFC-I & SFC-II and price escalation has to be revised.

2. The Renovation & Modernisation of a plant is a continuous process. It is dependent on the deterioration due to ageing, obsolescence and technological up-gradation. The R&M Phase-II was approved by PIB, but in absence of fund tie-up the scheme could not be taken up. However, the works of utmost importance were taken up under SFC-I & SFC-II. R&M Phase-II Scheme envisages life extension of the plant for about 15 years beyond the design life of 25 years, after implementation of the activities. Therefore, the balance activities are required to be taken up to enable the power station to generate reliably on sustained basis.

As regards recovery of outstanding energy dues of BTPS from DVB, the matter has been taken up at the highest level of Govt. of NCT of Delhi. A number of meetings have been held in this regard with the officials of the Govt. of NCT of Delhi and DVB. The realisation has improved during the last two years. The realisation during the year 1999-2000 has been 82% and 88% during the year 2000-2001. Govt. of NCT of Delhi/DVB has also been asked to give a liquidation schedule for the dues of DVB period. The schedule from DVB is awaited. In view of improvement in realisation from DVB during the last year, BTPS has been able to liquidate the outstanding dues of Railways from April, 1999 onwards and of coal companies from Nov., 1998 onwards.

[Ministry of Power, OM No. G-20020/5/2001-Bud.
Dated 6.12.2001]

ANNEXURE A

DETAILS OF THE SCHEME—R&M-II

Sl.No.	Name of the R&M Activity	Cost Est. (Dec. 1998 Price level Rs. in Lakh	Update on Account of SFC-I&II	Updated ESI (Dec. 2000)
1	2	3	4	5
1.	Renovation of boilers of unit I to III	3040.00	—	4451.00
2.	Modification of Furnace bottom sealing arrangements of Unit I to III	50.00	—	73.00
3.	Modification of Attempersors of Unit I to III	46.00	—	67.00
4.	Renovation of 11 ata header of Unit I to III	83.00	—	122.00
5.	Augmentation of pulverised coal handling system for Unit I to III	910.00	—	1332.00
6.	Modification of Mill air gates for Unit IV & V	165.00	—	242.00
7.	Renovation of water wall of Unit IV	456.00	Covered in SFC-I/SFC-II, to be deleted from R&M-II	0.00

1	2	3	4	5
8.	Renovation of Condensate pumps for Unit I to III	83.00	Covered in SFC-II, to be deleted from R&M-II	0.00
9.	Provision of Debris filter for Unit I to V	760.00	Covered in SFC-II for 1 Unit. bal. Rs. 810 lakh to be kept under R&M-II	893.00
10.	Renovation/replacement of H.P. Heaters of Unit I to III	3036.00	—	4445.00
11.	Replacement of Exciller for Unit I to IV	910.00	Covered in SFC-I for Unit IV bal. Rs. 700 lakh to be kept under R&M-II	1113.00
12.	Renovation of 220 KV isolators (Str.)	151.00	—	221.00
13.	Provision of D.G. Set for emergency supply	00.00	Covered in SFC-II to be deleted from R&M-II	0.00
14.	220 KV Breakers in switch yard	102.00	Covered in SFC-I, to be deleted from R&M-II	0.00
15.	Renovation of Control & Instrumentation for Unit IV.	787.00	—	1152.00

1	2	3	4	5
16(a)	Renovation of Turbovisory system for Unit IV & V	131.00	—	192.00
16(b)	Turbine stress evaluator for unit IV & V	196.00	—	287.00
17.	Renovation of C&I of Milling system for unit I to III and Babbit metal temperature of turbine	157.00	—	230.00
18.	Provision of Drum level indicators for Unit I to V	238.00	Covered in SFC-II, to be deleted from R&M-II	0.00
19.	Renovation of Czech design actuation of unit I to V	52.00	Covered in SFC-II to be deleted from R&M-II	0.00
20(a)	DAS for unit V and MCB	787.00	—	1152.00
20(b)	Data logger for Unit I to III	393.00	—	575.00
21(a)	Online analytical Instrument for DM plant and Hydrogen Plant	52.00	—	76.00
21(b)	Express lab for Unit I to IV	393.00	—	575.00
22.	Renovation of Generator instruments for unit IV & V	40.00	Covered in SFC-II, to be deleted from R&M-II	0.00
23.	Scanning system for Unit IV & V	259.00	—	379.00

1	2	3	4	5
24.	Additional Hydrogen generation plant	89.00	—	130 (.00)
25.	Renovation of DM plant	326 (x)	Part under SFC-I balance Rs. 306 lakh to be kept under R&M-II	448 (.00)
26.	RIA Study of unit I to III	196.00	—	287 (.00)
27.	Filling of low-water Pipe Line in benllas	130.00	—	(.00)
28. (a)	Provision of additional Diesel Locomotive	445.00	—	651 (.00)
28. (b)	Coal Dozing/handling equipments	297.00	435.00	
29. (a)	Additional Cooling Towers	1483.00	2171.00	
29. (b)	Upgradation of existing Cooling Towers	445.00	part under SFC-I, balance Rs. 378 lakh to be kept under R&M-II	553.00
30.	Provision of EPIC controller for unit IV & V	303.00	Part under SFC-I, balance Rs. 153 lakh to be kept under R&M-II	224.00

1	2	3	4	5
31.	Provision of Dry ash Collection & Evacuation scheme for unit IV & V	653.00	—	956.00
32.	Measurement of flow in Inlet & outlet canals Recycling of supernatant water from ash Band Pollution monitoring Instruments	445.00	—	851.00
33.	Provision of Metrological Data Monitoring instruments	81.00	—	119.00
	Total	18230.00	—	24392.00
	Contingency @ 3%	547.00	—	731.76
	Grand Total	18777.00	—	26123.70

Recommendation (Sl. No. 25, Para No. 2.141)

The Committee take strong objection to the absence of the Chairman, DVC during official evidence of representatives of Ministry of Power where Secretary, Ministry of Power and all other Chairmen of PSUs were present. The Committee expect that the highest functionary of an organisation be present, whenever the Committee take evidence. The absence of Chairman, DVC from the said sitting, is an affront to the Committee which is hard to digest. The Committee would like to have an explanation in this regard.

Reply of the Government

Since the status and position of the Chairman was the point for discussion in the meeting dated 29.3.2001, so it would have been improper for the Chairman, DVC, to attend. Instead he deputed two senior officials, Shri J. Chatterjee, Financial Adviser and Shri A. Roychowdhury, Director (Tech.) to attend the meeting and to take care of the financial and technical issues, respectively.

[Ministry of Power OM No. G-20020/5/2001-Bud., Dated: 06.12.2001]

Recommendation (Sl. No. 26, Para No. 2.142)

The Committee have observed that although CMD of a PSU is entitled to a rank equivalent to Secretary/Additional Secretary/Joint Secretary to the Government of India, the present Chairman of DVC has been given the rank of Minister of State on the grounds that there is no bar in DVC Act to confer such a status. The Committee are of the view that no statute, rule or regulation under which Chairman—CMD of PSUs is appointed, mandate Minister of State rank and status to an individual. Moreover, the unity of command in Public Administration mandate that Chairman/CMD of PSUs, should be under the direct control and supervision of the Head of the Controlling Ministry *i.e.* Secretary to the Government Department. The deviation, from well established practice is not conducive to the smooth administration of the ministry and may create avoidable controversies. The Committee also feel that no public interest will be served, by creating an exception. The Committee, therefore, desire that Government should reconsider their decision in the matter.

Reply of the Government

The Damodar Valley Corporation is a statutory corporation and the appointment of Chairman is made under the DVC Act. The appointment of Shri J.C. Jetli with the rank and status of Minister of State and salary and perquisites of Secretary to the Govt. of India has the approval of the competent authority.

[Ministry of Power, OM No. G-20020/5/2001-Bud., Dated: 06.12.2001]

CHAPTER IV**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE****Recommendation (Sl. No. 13, Para No. 2.88)**

Regarding clearance of Detailed Project Report (DPR) of schemes submitted to Central Electricity Authority (CEA) and according to Techno-Economic Clearances (TEC), the Committee observe that Central Electricity Authority has made a programme of six months for appraisal of the power projects from the date of receipt of complete DPR as per guidelines circulated in June, 1995 to all SEBs/generating companies. However, the Committee note that these are delayed during the course of examination when deficiencies involving data/investigation etc. are found in DPR and these are referred back to the project authorities for obtaining complete information and this normally takes a lot of time. This leads to avoidable time and cost overruns of the project. The Committee note that the Central Electricity Authority has constituted a Committee in November, 2000 to identify and recommend various measures for reducing the time required for appraisal of schemes leading to accord of TEC. The Committee feel that Government must take steps to enforce certification of commercial viability of power projects especially Hydro-electric power in one week. The Committee desire that Techno-Economic Clearance of projects by CEA should be given within one month of the submission of DPR. The Committee also recommend that all other clearances including Environment & Forest (E&F), State Pollution Board and approval of Cabinet Committee on Economic Affairs (CCEA), if required, should be considered and accorded within one month of approval of DPR by CEA. The Committee would like to know the action taken by the Government in this regard within 3 months and also other measures identified and recommended by the "Committee" constituted in November, 2000.

Reply of the Government

The Committee of CEA has examined the time frame prepared for scrutiny of power projects keeping in view the various issues and constraints involved in formulating the project. CEA recommends a time frame of 90 days if the Detailed Project Report is complete in all respects. It further recommends that the notice for meeting for techno-economic clearance should be issued when all the necessary inputs are in position and also all the techno-economic details have been sorted out. As proposed by the Standing Committee on Energy, the Committee of CEA has recommended that techno-economic clearance should be issued within one month after issue of above notice for TEC.

[Ministry of Power, OM No. G-20020/5/2001-Bud., Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 17 of Chapter I of the Report)

Recommendation (Sl. No. 14, Para No. 2.95)

The Committee observe that the ratio of investment in Generation and T&D network gradually decreased during successive Five Year Plans. It came down from 1:1.33 during the 1st Plan to 1:0.51 during 7th Plan. during 8th and 9th Plan, the ratio was 1:0.53 and 1:0.69 respectively. The Committee are at pains to note that low investments in T&D especially Sub-Transmission & Distribution System have resulted in high percentage of losses in Transmission & Distribution of Power. The Committee are at a loss to know that in spite of their earlier recommendations (3rd report, 13th Lok Sabha) to give equal importance to generation and transmission projects and subject both to similar rates of customs and excise duty, the Government have failed to act accordingly. The Committee are constrained to note that the rate of effective total concessional customs duty applicable for Power Transmission Projects at 50.82% as against 21.8% for Power Generation Projects is highly discriminately and recommend that transmission may be treated on par with generation. The Committee, therefore, reiterate their earlier recommendation and urge the Government (Ministry of Finance) to accord equal status and incentives to mega power projects both in generation and transmission sectors in matters of customs and excise duty. The Committee will like to know the action taken by the Government in this regard to help improve the T&D system in the country within 3 months.

Reply of the Government

A statement indicating Plan-wise details of investment in T&D is enclosed at Annexure.

The Government of India is taking various steps to improve the T&D system in the country. It has launched Accelerated Power Development Programme wherein funds are being provided for sub-Transmission & Distribution system with the objective of accomplishing reduction of T&D (Technical and Commercial) losses, improvement of revenue realization and supply of reliable and interruption free power. In the first phase, 60 distribution circles have been identified for implementing the programme of Upgradation of sub-Transmission & Distribution systems. Remaining Distribution circles in the country are also proposed to be taken up in a phased manner for improvement of Sub-Transmission & Distribution system. An amount of Rs. 1000 crores has been provided for R&M of Thermal and Hydro power station and improvement of Sub-Transmission & Distribution system in the year 2000-01. An amount of Rs. 1500 crores is available for R&M of Thermal & Hydro Power Station and Improvement of Sub-Transmission & Distribution System in the year 2001-02. The amount provided under APDP is to be released as additional Central Plan Assistance to the State Governments. The proposal is to be implemented over the period of 2000-01 to 2011-2012.

The SEBs/utilities have formulated schemes/projects for improvement of Sub/transmission and Distribution system incorporating measures like adopting high voltage distribution system with installation of small capacity distribution transformers for feeding a smaller number of consumers, installation of capacitors for power etc.

A Committee of Experts have formulated the manuals/Guidelines to achieve the objective of reducing T&D (Technical as well as commercial) losses, reliability of power supply and to operationalise energy accounting at 11 KV feeders level so as to operate it as a profit center. Guidelines have also been prepared by the Committee for training of personnel engaged in Sub-Transmission & Distribution systems. The draft manuals/guidelines have been circulated to the SEBs/power utilities. These manuals would help the SEBs in taking up the improvement of Sub-Transmission & Distribution network in a proper manner.

The Government of India is also providing funds under Non-lapsable Central pool of resources for improvement in Sub/transmission and distribution system in the North-East States and Sikkim. The scheme for funding of Sub/transmission and Distribution systems in North-East and Sikkim has been prepared by CEA in July, 1999 and an amount of Rs. 52 crores was provided to the States in the year 2000-01. An allocation of Rs. 83.49 crores has been recommended by CEA for the year 2001-02 for these projects. This would help in upgradation of Sub-Transmission & Distribution system in the North-East region and Sikkim for improvement in quality and reliability of supply and reduction of T&D losses.

The matter regarding bringing down the rate of effective total concessional customs duty applicable for Power Transmission Projects on par with that of Power Generation Projects has been taken up with Ministry of Finance.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 22 of Chapter I of the Report)

ANNEXURE

PLAN-WISE DETAILS OF INVESTMENT IN POWER SECTOR

(Rs. in Crores)

Sl. No.	Plan Period	Expenditure incurred on		Ratio between
		Generation	T&D&RE	Generation & T&D ÷ RE
1.	1st Plan (1951-56)	105	140	1 : 1.33
2.	2nd Plan (1956-61)	250	190	1 : 0.76
3.	3rd Plan (1961-66)	777	454	1 : 0.58
4.	Three Annuals (1966-69)	676	528	1 : 0.78
5.	4th Plan (1969-74)	1505	1386	1 : 0.92
6.	5th Plan (1974-79)	4467	2963	1 : 0.66
7.	Annual Plan (1979-80)	1429	1096	1 : 0.77
8.	6th Plan (1980-85)	12116	6320	1 : 0.52
9.	9th Plna (1985-90)	24526	12392	1 : 0.51
10.	Annual Plan (1990-91)	7003	2930	1 : 0.42
11.	Annual Plan (1991-92)	10373	3250	1 : 0.31
12.	8th Plan (1992-97)*	49424	26281	1 : 0.53
13.	9th Plan (1997-2002)**	194000	134400	1 : 0.69

*The Figures for these periods are the Outlays

** As per working Group Report for 9th Plan Power Development.

Recommendation (Sl. No. 31, Para No. 2.166)

The Committee observes that although NJHEP was sanctioned in April 1989 for execution, the major civil works were awarded four years later in 1993 and the work commenced in 1994. As a result of delayed start, the cost estimates have gone up from Rs. 4337.95 Crore at 1993 price level to Rs. 7666.31 Crore at June, 1998 level. The Committee are of the opinion that huge time and cost over run of power projects have become a routine affairs and the plan targets for the year have never been achieved in respect of majority of the projects under implementation. The Committee, therefore, recommend that Government/power sector utilities should ensure implementation of projects as per DPR prepared and approved. Taking strong note of delays, the Committee recommend that steps should be taken by the Government to strengthen project monitoring and implementation schedule to ensure that projects do not get further delayed. The Committee also desire that responsibility be fixed for delay in implementation of projects and the guilty be punished. Regarding measures to control damage to the project in case of floods or other natural calamities, the Committee are constrained to note that no effective steps were taken to prevent heavy losses suffered in August, 1997 due to unprecedented clouds bursts and flash floods. The Committee are concerned to note that in spite of it's (Standing Committee on Energy) observations and warning during their study visit to NJHEP site (NJPC), Shimla during June, 2000 to take flood control measures, the NJPC authorities/Government have not taken a serious note of it and again huge losses due to damage to infrastructure and main project work have been incurred in July, 2000. The Committee would, therefore, like to know why safety measures were not taken earlier and even after the advice given by Committee during their visit to project site. Although, the Government have stated that restoration work is likely to be completed by April, 2001, final assessment of losses to equipment and other infrastructure have yet to be carried out. The Committee are constrained to note that responsibility has not been fixed so far for causing gross negligence in the safety of the project and it is only now some steps have been proposed to be taken-up to avoid recurrence of losses due to floods. The Committee would await information regarding safety aspects in the Detailed Project Report (DPR) of the NJHEP project approved by the Government/CEA and the measures, which were to be taken in such an eventuality but were not taken in the implementation of the projects.

Reply of the Government

The Government agrees with the observations of the Standing Committee that the implementation of Projects should be ensured in accordance with approved DPR with adequate monitoring mechanisms. The following monitoring mechanisms are in place:—

- (i) Progress Review Meetings at the Project site on a monthly basis.
- (ii) Corporate level review on a monthly basis.
- (iii) Progress Review by Board of Directors in their scheduled meetings.
- (iv) Monthly DO Letters to the Secretary (Power).
- (v) Quarterly Performance Review at Ministry level.
- (vi) Quarterly Review by World Bank Project Implementation Missions.

Prior to the devastating flood of August 2000, the construction work was going on at the Project to achieve the commissioning schedule of March 2002.

The Standing Committee on Energy visited the Project site in June 2000 and reviewed the losses suffered in August 1997 flood and pointed out that immediate action should be taken by NJPC to avoid damages on account of recurring floods. The safety measures as provided for NJHEP in the DPR Designs were reviewed. In accordance with the provisions, the design flood of the Project was worked out as 5,660 m³/sec having a frequency of 1 in 10,000 years. The Power House for such an eventuality has been designed for a flood level of 1026 m and a permanent protection wall to this level of 1026 m was planned to be constructed.

It is a normal practice to provide protection during construction stage against flood with return period of about 10-20 years in accordance with the norm of ICOLD (International Conference on Large Dams) and 1 in less than 100 years norm of Bureau of Indian Standards (BIS). The design of the Project envisaged safety measures more than the norms of ICOLD and BIS. Unfortunately, the flood of August 2000 of 6500 m³/sec with a frequency of 1 in 61000 years has surpassed all calculations and safety measures taken thereof and caused devastation in the Nathpa Jhakri Project. It may be mentioned that this flood discharge of 6500 m³/sec is an indicative figure only since there are no authentic means to verify the flood discharge, and the river bed level had risen 5 to 6 metres prior to the August 2000 flood, for which the need for dredging the river bed (to maintain the river bed at the level on which the permanent protection system was designed), had been envisaged earlier.

Now that the unprecedented flood of August, 2000 is an observed flood, the following measures have been taken for the safety of the Project:

1. All intake tunnels have been plugged with steel bulkheads as done during the monsoon of 2000.
2. Steel Bulkhead gate has been provided at the outer face of Audit-II to Desilting Chamber. This opening can be closed within thirty seconds.
3. The face of Silt Flushing Tunnel has been closed with the steel Bulkhead.
4. The TRT Outlet in the Outfall area has been plugged with temporary masonry plug and RCC capping.
5. The Plug at Audit to Pressure Shafts is under construction.
6. The Exploratory Drift in Power House at Jhakri has been plugged.
7. The erection of Gates in the Draft Tubes is also in progress and is likely to be completed by December, 2001.
8. Bulkheads at opening of Draft Tubes knee liners in the power house are also being planned as a second line of protection.
9. An advance warning system in regard to flood water has been installed at Khab which is about 120 km. U/s of Nathpa. Hourly discharge is being conveyed to Jhakri, Jeori & Nathpa through wireless communication.

Restoration of Civil Works has been mostly completed and construction activities are in full swing. As heavy silted water had entered into the Power House Cavern it submerged the sophisticated Electro-mechanical equipment (imported from European countries) already erected and those awaiting erection inside the Power House.

NJPC is now working out revised cost estimates/commissioning schedule of the project for obtaining the investment approval of the Government. This has become necessary because of the effect of the devastating flood of August, 2000. It may be relevant to point out while processing the case for obtaining Government approval to the revised cost estimates/revised commissioning schedule, the reasons for time and cost overrun will be looked into by the Standing Committee, headed by Additional Secretary (Power) for the purpose of fixing responsibility for cost and time over-run and the observations of the Standing Committee contained in Para 2.167 will be placed before it while looking into the reasons for time and cost overrun.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 37 & 38 of Chapter I of the Report).

Recommendation (Sl. No. 32, Para No. 2.172)

The Committee note that the budgetary provisions (IEBR) during 2001-02 for Tuivai Hydro-electric Project of North-Eastern Electric Power Corporation (NEEPCO) were drastically reduced by Rs. 20 crores as the project could not get sanction. The Committee are constrained to note that due to low investments during the year 2000-01 and proposed for the year 2001-02, a number of projects are likely to be adversely affected. In spite of their earlier recommendations that steps should be taken to set achievable targets and IEBR projections, the Government has done little to implement the suggestion. Although a number of projects are being executed by NEEPCO like Turirial H.E. Project (60 MW), Kopili H.E. Project-Stage-I (25 MW), Doyang H.E. Project (75 MW) Ranganadi H.E. Project (405 MW), Tipaimukh H.E. Project (1500 MW) etc., the Government have reduced IEBR and total Plan outlays during 2001-02 as compared to 2000-01. The Committee would like to be informed of the reasons for this.

Reply of the Government

The details of the Gross Budgetary Support (GBS) and Internal Extra Budgetary Resources (IEBR) pertaining to NEEPCO for various Projects for the year 2000-01 and 2001-02 are given below:

(Rs. in crores)

		B.S.	I.E.B.R.	Total
2000-01	B.E.	122.00	83.26	205.26
	R.E.	122.00	0.00	122.00
2001-02	B.E.	125.00	86.72	211.72

NEEPCO has three Projects namely, Ranganadi HEP (405 MW) in Arunachal Pradesh. Tuirial HEP (60 MW) in Mizoram and Kopili HEP Stage-II (25 MW) in Assam under execution. The Ranganadi HEP is being funded by the North Eastern Council, Ministry of Home Affairs and as such the provision of this Project is not included in the Budget of the Ministry. The provision of IEBR of Rs. 83.26 crores during 2000-01 was made to utilise direct foreign assistance from JBIC for execution of Tuirial HE Project (60 MW). However, during the year, NEEPCO was unable to award works for various packages due to various reasons including the law & order situation at the Project site when engineers/staff were kidnapped by the militants. Therefore the provision of Rs. 83.26 Cr. made for the years 2000-01 had to be surrendered. NEEPCO proposes to award the works in 2001-02 for which a provision of Rs. 86.72 Cr. is proposed for the year 2001-02 under I.E.B.R.

The Ministry of Power has introduced in June, 2001, a 3-Stage process for development of new hydro-electric projects in the Central Sector. Under Stage-II, activities relating to Survey & Investigation and preparation of pre-feasibility Report are undertaken, while Stage-II activities are related to the detailed investigation and preparation of Detailed Project Report and Pre-construction activities and development of infrastructure. Actual execution of Project after investment approval by the Government is covered under Stage-III. All the activities of Stage-I & II are planned to be funded from the budgetary resources of the Ministry. It is because of these reasons (NEEPCO was not able to make any provision under IEBR for various Projects likely to be taken up such as Kameng (600 MW), Tipaimukh (1500 MW) and Tuivai HEP (210 MW).

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 42 of Chapter I of the Report).

Recommendation (Sl. No. 33, Para No. 2.173)

Regarding implementation of Tipaimukh H.E. Project, the Committee are unhappy to note that in spite of their recommendation to NEEPCO in their 3rd Report (13th Lok Sabha) on Demands for Grants of Ministry of Power (2000-01) to implement the Project as a fast track power project, the NEEPCO submitted Detailed Project Report (DPR) for approval of State Government of Manipur on 15.12.2000 whereas NEEPCO was authorized to go ahead with Survey and Investigation (S&I) by Manipur Assembly on 15.12.99. The Committee expect that Central Electricity Authority (CEA) to whom DPR was submitted simultaneously would have cleared the project and desire that NEEPCO should make all out efforts to get the project cleared by Government of Manipur. The Committee expect that with the provision of Rs. 20 crores in the Budget Estimate of 2001-02 for the project all necessary studies like Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) will be carried out successfully. The Committee desire that construction work on the project should start during the 9th Plan itself and project benefits should be targeted to be achieved during 10th Plan. The Committee would like to be apprised of the action taken by the Government in this regard.

Reply of the Government

The Central Government is keen to implement Tipaimukh HEP (1500 MW) in Manipur. The MOU with State Government of Manipur could not be signed by NEEPCO so far. According to the NEEPCO, the signing of MOU is delayed because the draft MOU & revised DPR needs to be cleared by the State Govt. to allow NEEPCO to take up the execution of the project in accordance with the provisions of the resolution adopted on the floor of the State Assembly. The State Assembly had earlier passed a resolution against the execution of the Project later they rescinded their earlier resolution subject to the above conditionality. NEEPCO has also submitted draft MOU to the Govt. of Mizoram which is yet to be cleared by the State Govt.

In the meantime, NEEPCO had already applied for the site clearance from the Ministry of Environment & Forests (MOEF) and a team of officials from the MOEF visited the site. MOEF team proposes to visit of the site again during the dry season. NEEPCO has also approached the State Governments of Mizoram and Assam for obtaining their 'No Objection' for the execution of the Project. While Mizoram Govt. has conveyed their in principle 'No Objection' in August 2001, the response of State Govt. of Assam is awaited.

It may be submitted that the Tipaimukh HE Project is to be executed under the new procedure of 3-Stage development of Central Sector hydroelectric projects. The preparation of feasibility report is already over. NEEPCO has to work out detailed plan for obtaining the approval of the Central Govt. for Stage-II activities like construction of infrastructure works, initiation of action for land acquisition etc. Once the MOU is signed between NEEPCO and the State Governments of Manipur and Mizoram, action would be initiated for according approval of the Government for carrying out activities like survey, development of infrastructure, initiating action for land acquisition, etc. under Stage II of 3-Stage procedure.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 46 of Chapter I of the Report).

There have been two major slips in the hydro capacity addition

in the 9th Plan on account of (1) 1000 MW and NHPC (1500

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

the extension of the 9th Plan

Plan has been slipped due to the extension of 9th Plan

Recommendation (Sl. 4, Para No. 2.25)

The need for development of Hydro Power in the overall power scenario of the country can hardly be over emphasized as there is a mis-match between the thermal and hydel power which has come down to the tune of 80:20 against the desired ratio of 60:40. The Committee are unhappy to note that only 17% of a total of 1,50,000 MW hydel potential in the country has been exploited so far. The projects are reportedly delayed due to inadequate investment, inter-State issues, problems of land acquisition, R&R and law and order problems, etc. The Committee have been informed that the Government have taken steps to reduce time and cost over runs of hydro-electric projects by adopting a three stage development strategy *i.e.* completion of Survey and Investigation and preparation of feasibility report at Stage-I, funds would be sanctioned at Stage-II for preparing Detailed Project Report and for action on land acquisition and pre-construction activities. At Stage-III, the project authorities will obtain project approval after obtaining all requisite statutory clearances. However, it has been observed by the Committee that with total budgetary support to Hydel projects, Central PSUs such as NHPC, NJPC, NEEPCO, THDC, DVC have failed to add new capacities envisaged in 9th Plan. During 1997-98, out of a total of 38 Hydro Power Projects, 24 slipped and for the year 1998-99, 13 hydro schemes slipped out of a total of 25 targeted to be commissioned. During 2000-01 (till February, 2001), 4 Hydro schemes in Jammu & Kashmir slipped due to financial constraints. In view of the poor performance and slippage of hydel power projects from 9th Plan to 10th Plan, the Committee cannot but deplore the way the hydel projects are handled and recommend that a contingent plan be framed by the Government to complete the hydel projects as targeted. The Committee would await information on the contingent plan made by the Government in this regard.

Reply of the Government

There have been two major slippages in the hydro capacity addition in the 9th Plan on account of THDC (1000 MW) and NJPC (1500 MW). The work in the Tehri region was affected due to a long agitation and in the case of NJPC, flash floods of August, 2000 have derailed the commissioning schedule. The performance of NEEPCO in the 9th Plan has been alright since with the exception of Kopili II (25 MW), all other units have been commissioned during the Plan period as targeted. The Dulhasti (390 MW) project of NHPC which was originally targeted to be commissioned in the 9th Plan was delayed on account of failure of the Tunnel Boring Machine (TBM) thereby necessitating use of conventional methods.

The Government, however, gives priority to hydro projects since the present hydro-thermal mix has dropped to 25:75 against a norm of 40:60. All ongoing hydro projects are extended full budgetary support so that they do not suffer on account of lack of funds. Separately, the Government has also introduced a three stage clearance for hydro projects which is expected to reduce the gestation lag considerably.

In order to improve the exploitation of hydro potential in India, the CEA is conducting ranking studies of all the hydro basins in India so as to make a shelf of project which could be taken up of speedy implementation. The ranking studies would be conducted in two phases. While the first phase will be preliminary the second phase would be exhaustive.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 8 of Chapter I of the Report).

Recommendation (Sl. No. 8, Para No. 2.46)

The Committee are happy to note that Central Power Research Institute has successfully commercialised over 25 technologies to more than 60 organisations across the country resulting in saving of foreign exchange through development of indigenous technology, energy conservation, enhancement of revenue earning by tamper proof meters, production of value added products from fly-ash, implementation of National High Voltage DC Project etc. The Committee are further glad to observe that the Institute is rendering useful assistance to carry out power sector reforms and assisting Regulatory Commissions by carrying out estimation of loss in Transmission & Distribution system which is a pre-requisite to fix tariff. However, the Committee are constrained to note that budgetary support for this R&D Institute has been decreasing during the last 3 years. It has been brought down to Rs. 8.34 crore during 2001-02 from Rs. 25 crore budgeted during 1999-2000. The Committee cannot but deplore the way funds for new and on-going R&D schemes have been squeezed during 2001-02. Although, the Committee agree with the Government's view that autonomous bodies should become self-sufficient, an exception has to be made in case of those organisations which are engaged in basic R&D works and development of human resources in power sector. The Committee would like the Government to provide all necessary funds to the organisations like CPRI and National Power Training Institute which no private sector body or even public sector undertaking may like to fund.

Reply of the Government

Ministry of Power asked CPRI in September, 2000, to explore the possibility of raising resources through PFC and draw up a shelf of bankable projects. CPRI was also asked to its R&D developmental expenditure and send a proposal to the Ministry. The Ministry of Power would play the role of catalyst. CPRI has been asked to give a status report immediately. On the basis of the report received from CPRI, the need or otherwise, for a review of CPRI's funding requirements through the budgetary support would be made at the RE stage, in consultation with the Ministry of Finance.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 14 of Chapter I of the Report).

Recommendation (Sl. No. 23, Para No. 2.139)

Regarding implementation of Tailpool Dam, the Committee observe that no concrete action has been taken by the Government since the Committee recommended for its implementation in their 3rd Report (13th Lok Sabha) on 'Demand for Grants' 2000-2001 of Ministry of Power presented in April, 2000. The Committee, therefore, expect that report of the 'Committee' constituted by DVC in July 2000 with the Government officials from the State of Bihar (now Jharkhand), West Bengal and Damodar Valley Corporation to hold discussions with project affected families for implementing rehabilitation and resettlement measures and the steps required to be taken for restarting the work on the project will be submitted at the earliest and the Standing Committee on Energy will be apprised of the same. This Committee feel that local MPs and MLAs may also be associated by the Committee constituted by DVC for holding discussions with the project affected families so that the project can be started at the earliest.

Reply of the Government

The primary reason for closure of the Panchet Tail Pool project was the failure of district authorities to provide protection because of repeated agitations by the land awardees of two States. In spite of taking up the matter with the two State Governments viz. Government of Bihar and Government of West Bengal, the law and order situation continued as before. A Committee was constituted by DVC to hold discussions with project affected families for their rehabilitation and resettlement (R&R) and steps required to be taken for starting work in the Project. The Committee met twice in August and September, 2000 and it was decided that identification of land awardees and decision on final R&R package after discussion with the affected persons will be furnished by the district authorities. The same is still awaited.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 33 of Chapter I of the Report).

Recommendation (Sl. No. 28, Para No. 2.154)

The Committee further observe that the work at Loktak Downstream Hydro electric Project of NHPC in Manipur is at a stand still after incurring an expenditure of Rs. 14.19 crore till February, 2001. The Committee are constrained to note that geological and geo-technical exploration works at Dam and Power House sites which were supposed to be resumed during November, 2000, could not be restarted due to non-availability of adequate security. The Government have stated that the desired progress at working site is not possible unless the State Government provides adequate security. As decided in the meeting held on 4.8.2000 in the Ministry of Power, one battalion of CRPF was to be deployed by 1.10.2000 but the same could not take position at the project site due to non-availability of accommodation at site. Further, the construction work of Tupul-Thangal road which was started on 1.10.2000 had to be stopped on 21.10.2000 as the local residents/villagers obtained a Stay Order from the High Court at Guwahati against the formation of a fresh Committee by the State Government of Manipur to go into the quantum of land and crop compensation payable on account of execution of the project.

Reply of the Government

The State Government was requested to resolve the issues outstanding at the earliest to enable activities to commence. The Stay Order has since been vacated and a fresh Committee has been constituted to go into the quantum of land and crop compensation payable on account of execution of the Project.

A meeting was held in the Ministry of Power on 11.6.2001 with Chief Secretary Government of Manipur, where it was decided that all arrangements would be firmed up in the next two to three months so that work could commence by 1.10.2001 on road construction. Accommodation of CRPF personnel would be decided after a meeting to be held shortly in Manipur with DIG, CRPF, State Govt. officials and NHPC. Areas where security presence is necessary would be identified and types of accommodation suggested.

Due to the security situation in Manipur it has not been possible to start work at the project. Time and cost over-run on the project is likely to be high.

[Ministry of Power OM No. G-20020/5/2001-Bud. Dated: 06.12.2001]

Comments of the Committee

(Please see Paragraph 33 of Chapter I of the Report).

NEW DELHI;
14 December, 2001

23 Agrahayana, 1923 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

Recommendation (Sl. No. 28, Para No. 2.154)

The Committee further observe that the work at Loktak
Downstream Hydro electric Project of NHPC in Manipur is at a stand
still. The Committee is concerned that the expenditure of Rs. 14.19 crore till February
2001 has not been utilised. The Committee is constrained to note that geological and geo-

ANNEXURE I

MINUTES OF THE FIRST SITTING OF THE SUB-COMMITTEE 'F'
ON ACTION TAKEN REPORTS OF THE STANDING COMMITTEE
ON ENERGY (2001) HELD ON 12TH DECEMBER, 2001 IN
COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE,
NEW DELHI

The Sub-Committee met from 15.00 hrs. to 15.30 hrs.

PRESENT

Shri Sontosh Mohan Dev — *Chairman*

Shri Tilakdhari Prasad Singh — *Convenor*

MEMBERS

3. Shri Vijayendra Pal Singh Badnore

4. Shri Amar Roy Pradhan

SECRETARIAT

1. Shri P.K. Bhandari — *Director*

2. Shri R.S. Kambo — *Under Secretary*

2. At the outset, the Convenor, Sub-Committee 'F' on Action Taken Reports of the Standing Committee on Energy welcomed the Members to the sitting of the Sub-Committee.

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

(i) Action Taken Report on the recommendations contained in the 10th Report (Twelfth Lok Sabha) on the subject "Fire and Subsidence Control in Coal Mines".

(ii) Action Taken Report on the recommendations contained in the 18th Report (Twelfth Lok Sabha) on Demands for Grants (1999-2000) of the Ministry of Coal.

(iii) Action Taken Report on the recommendations contained in the 14th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Department of Atomic Energy.

- (iv) Action Taken Report on the recommendations contained in the 15th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Non-Conventional Energy Sources.
- (v) Action Taken Report on the recommendations contained in the 16th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Power.
- (vi) Action Taken Report on the recommendations contained in the 17th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Coal.

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

The Sub-Committee then adjourned.

1	Shri Anand Mohan
2	Shri Anand Mohan
3	Shri Anand Mohan
4	Shri Anand Mohan
5	Shri Anand Mohan
6	Shri Anand Mohan
7	Shri Anand Mohan
8	Shri Anand Mohan
9	Shri Anand Mohan
10	Shri Anand Mohan
11	Shri Anand Mohan
12	Shri Anand Mohan
13	Shri Anand Mohan
14	Shri Anand Mohan
15	Shri Anand Mohan
16	Shri Anand Mohan
17	Shri Anand Mohan
18	Shri Anand Mohan
19	Shri Anand Mohan
20	Shri Anand Mohan
21	Shri Anand Mohan
22	Shri Anand Mohan
23	Shri Anand Mohan
24	Shri Anand Mohan
25	Shri Anand Mohan
26	Shri Anand Mohan
27	Shri Anand Mohan
28	Shri Anand Mohan
29	Shri Anand Mohan
30	Shri Anand Mohan
31	Shri Anand Mohan
32	Shri Anand Mohan
33	Shri Anand Mohan
34	Shri Anand Mohan
35	Shri Anand Mohan
36	Shri Anand Mohan
37	Shri Anand Mohan
38	Shri Anand Mohan
39	Shri Anand Mohan
40	Shri Anand Mohan
41	Shri Anand Mohan
42	Shri Anand Mohan
43	Shri Anand Mohan
44	Shri Anand Mohan
45	Shri Anand Mohan
46	Shri Anand Mohan
47	Shri Anand Mohan
48	Shri Anand Mohan
49	Shri Anand Mohan
50	Shri Anand Mohan
51	Shri Anand Mohan
52	Shri Anand Mohan
53	Shri Anand Mohan
54	Shri Anand Mohan
55	Shri Anand Mohan
56	Shri Anand Mohan
57	Shri Anand Mohan
58	Shri Anand Mohan
59	Shri Anand Mohan
60	Shri Anand Mohan
61	Shri Anand Mohan
62	Shri Anand Mohan
63	Shri Anand Mohan
64	Shri Anand Mohan
65	Shri Anand Mohan
66	Shri Anand Mohan
67	Shri Anand Mohan
68	Shri Anand Mohan
69	Shri Anand Mohan
70	Shri Anand Mohan
71	Shri Anand Mohan
72	Shri Anand Mohan
73	Shri Anand Mohan
74	Shri Anand Mohan
75	Shri Anand Mohan
76	Shri Anand Mohan
77	Shri Anand Mohan
78	Shri Anand Mohan
79	Shri Anand Mohan
80	Shri Anand Mohan
81	Shri Anand Mohan
82	Shri Anand Mohan
83	Shri Anand Mohan
84	Shri Anand Mohan
85	Shri Anand Mohan
86	Shri Anand Mohan
87	Shri Anand Mohan
88	Shri Anand Mohan
89	Shri Anand Mohan
90	Shri Anand Mohan
91	Shri Anand Mohan
92	Shri Anand Mohan
93	Shri Anand Mohan
94	Shri Anand Mohan
95	Shri Anand Mohan
96	Shri Anand Mohan
97	Shri Anand Mohan
98	Shri Anand Mohan
99	Shri Anand Mohan
100	Shri Anand Mohan

ANNEXURE II

MINUTES OF THE NINETEENTH SITTING OF THE
STANDING COMMITTEE ON ENERGY (2001) HELD ON
12TH DECEMBER, 2001 IN COMMITTEE ROOM '62',
PARLIAMENT HOUSE, NEW DELHI

The Committee met from 18.00 hrs. to 18.45 hrs.

PRESENT

Shri Sontosh Mohan Dev — *Chairman*

MEMBERS

2. Shri Basudeb Acharia
3. Shri Prakash Yashwant Ambedkar
4. Shri Vijayendra Pal Singh Badnore
5. Shri Bikash Chowdhury
6. Shri Trilochan Kanungo
7. Shri P.R. Khunte
8. Shri Sanat Kumar Mandal
9. Shri K. Muraleedharan
10. Shri Amar Roy Pradhan
11. Shri Ravindra Kumar Pandey
12. Shri Dalpat Singh Parste
13. Shri B. Satyanarayana
14. Shri Harpal Singh Sathi
15. Shri Tilakdhari Prasad Singh
16. Shri Manohar Kant Dhyani
17. Shri Aimaduddin Ahmad Khan (Durrui)
18. Shri B.J. Panda
19. Shri Ramamuni Reddy Sirigireddy

SECRETARIAT

1. Shri P.K. Bhandari — *Director*
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 the following draft Reports, already considered and adopted by the Sub-Committee 'F' on Action Taken Reports, for consideration:—

- (i) Action Taken Report on the recommendations contained in the 10th Report (Twelfth Lok Sabha) on the subject "Fire and Subsidence Control in Coal Mines".
- (ii) Action Taken Report on the recommendations contained in the 18th Report (Twelfth Lok Sabha) on Demands for Grants (1999-2000) of the Ministry of Coal.
- (iii) Action Taken Report on the recommendations contained in the 14th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Department of Atomic Energy.
- (iv) Action Taken Report on the recommendations contained in the 15th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Non-Conventional Energy Sources.
- (v) Action Taken Report on the recommendations contained in the 16th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Power.
- (vi) Action Taken Report on the recommendations contained in the 17th Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) 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/Departments and to present the same to both the Houses of Parliament.

The Committee then adjourned.

ANNEXURE III

[Vide Para 4 of the Introduction]

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTEENTH REPORT OF THE STANDING COMMITTEE ON ENERGY

I. Total No. of Recommendations	34
II. Recommendations that have been accepted by the Government (vide recommendation at Sl. Nos. 5, 10, 11, 15, 16, 19, 20, 22, 24, 27, 29, 30 and 34).	13
Percentage of total	38.24%
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies (vide recommendation at Sl. Nos. 1, 2, 3, 6, 7, 9, 12, 17, 18, 21, 25 and 26).	12
Percentage of total	35.29%
IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee (vide recommendation at Sl. Nos. 13, 14, 31, 32 and 33).	5
Percentage of total	14.71%
V. Recommendations in respect of which final replies of the Government are still awaited (vide recommendation at Sl. Nos. 4, 8, 23 and 28).	4
Percentage of total	11.76%