45

STANDING COMMITTEE ON ENERGY (2004)

THIRTEENTH LOK SABHA

MINISTRY OF POWER

DEMANDS FOR GRANTS (2003-04)

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

FORTY-FIFTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

February, 2004/Magha, 1925 (Saka)

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Presented to Lok Sabha on 4.2.2004

Laid in Rajya Sabha on 4.2.2004

LOK SABHA SECRETARIAT
NEW DELHI

February, 2004/*Magha,* 1925 *(Saka)*

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4. Shri R.K. Bajaj — *Under Secretary*
5. Shri Arvind Sharma — *Committee Officer*

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Forty-Fifth Report (Thirteenth Lok Sabha) on the Action taken by the Government on the recommendations contained in the 40th Report of the Standing Committee on Energy on Demands for Grants (2003-2004) of the Ministry of Power.

2. The Fortieth Report of the Standing Committee on Energy was presented to Lok Sabha on 8th April, 2003. Replies of the Government to all the recommendations contained in the Report were received on 13.11.2003. Replies to recommendations related to the Ministries of Coal and Finance were received on 25.8.2003 and 24.9.2003 respectively.

3. The Standing Committee on Energy considered and adopted this Report at their sitting held on 29th January, 2004.

4. An Analysis of the Action Taken by the Government on the recommendations contained in the Fortieth Report of the Committee is given at Appendix-II.

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

NEW DELHI;
3 *February*, 2004
14 *Magha*, 1925 (*Saka*)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

This Report of the Committee deals with Action Taken by the Government on the recommendations contained in the Fortieth Report (Thirteenth Lok Sabha) of the Standing Committee on Energy on the Demands for Grants (2003-04) of the Ministry of Power which was presented to House on 8.4.2003.

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

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

Sl. Nos. 1, 3, 4, 8, 10, 11, 12, 13, 14, 15, 16, 17, 27, 28, 29, 30 & 31

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

Sl. Nos. 5, 7, 18, 21, 22, 25, 32, 33, 36 & 37

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

Sl. No. 24

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

Sl. Nos. 2, 6, 9, 19, 20, 23, 26, 34 and 35

3. The Committee desire that final replies in respect of the recommendations which have been categorised as interim replies by the Committee should be furnished to them at the earliest.

4. The Committee also desire that utmost importance should be given to the implementation of recommendations accepted by the Government. In case, it is not possible for the Government to implement the recommendations in letter and spirit for some reason or the other, the matter should be reported to the Committee in time with reasons for non-implementation.

5. The Committee have examined, in detail, the Action Taken Statement furnished by Ministry of Power in response to the observations/recommendations made by them in their 40th Report (13th Lok Sabha). *Prima facie*, the Committee are of the view that the replies furnished by them are casual, unsatisfactory, vague and lack depth. The Committee take strong note of the fact that each and every observation/recommendation, has not been reacted at all. For instance, suggestion like Power PSUs to take their own investment decision (Para No. 2.11), steps taken to electrify the de-electrified villages (Para No. 2.51), appraisal of Kutir Jyoti in Performance Budget Document of the Ministry of Power (Para No. 2.52), system of rewards for completion of project ahead of schedule for Power PSUs (Para No. 2.65), have not been responded to and overlooked conveniently. It seems Ministry of Power is just collecting information/data/views of Power PSUs on the suggestion of the Committee and forwarding the same to them without going into details any further. It indicates the lack of application of mind by Ministry of Power. The Committee totally disapprove this. The Committee feel that Ministry of Power/Government would fail in their duty and do no public service, if the suggestions of the Committee are not responded and forgotten conveniently and making the labour gone into by the Committee, infructuous, if such things are allowed to happen. The Committee, therefore, desire that each and every suggestion/recommendation/observation of theirs be responded without any reservation. The Committee would now like to be apprised of the action taken in the matter.

6. The Committee will now deal with the Action Taken by the Government on some of their Recommendations/Observations made in the Fortieth Report.

A. Delegation of Financial Power to Ministry/PSU

Recommendation (Sl. No. 2, Para No. 2.11)

7. The Committee had observed that as per the existing procedure in vogue, each thermal power project costing more than Rs. 2500 crore is apprised by Central Electricity Authority. Similarly, the limit for hydro project was reported to be Rs. 250 crore. Further, all hydro projects involving river flowing through more than one State also required CEA clearance. By implication, the Committee found that all the hydro projects irrespective of capacity cost needed CEA nod for

execution. The Committee, had further noted that power projects costing more than Rs. 100 crore need clearance from Cabinet Committee on Economic Affairs (CCEA). The Ministry of Power had informed the Committee that in order to utilize the budgeted amount, the progress of expenditure had to be monitored by them. In order to step up the utilisation of funds, Ministry of Power had suggested that the existing procedures for obtaining approval of projects be streamlined. In this regard, the Ministry of Finance had stated that enhanced delegation was permitted to various Central Ministries including Power as recently as February, 2002. The Ministry of Finance had also stated that they were open to any measure which lead to faster improvement of power projects as well as better utilization of funds allocated to power sector. In this connection, taking note of the fact that NTPC did not need CCEA clearance since they do not require budgetary support and at times they had executed their projects such as Talcher & Simhadri, nine and four months ahead of schedule, the Committee had felt that the present ceiling prescribed for CCEA approval is too meagre. The Committee had, therefore, recommended that Government should appropriately enhance delegation of financial powers to the Ministry of Power so that delay occurring on account of investment clearances is reduced to a minimum. At the same time, the Committee had also recommended that Government should allow other power sector PSUs to take their own investment decisions, rather than routing them through CCEA, on the lines of NTPC.

8. The Government in their reply have stated that the Ministry of Power have taken up the issue of enhanced delegation of financial powers with the Ministry of Finance.

9. The Committee find the reply of the Ministry of Power which merely states that the issue of enhanced delegation of financial powers has been taken up with the Ministry of Finance as unsatisfactory and evasive. As the Ministry of Finance themselves have stated that they are open to any measure which leads to faster power project implementation, the aversion made by Ministry of Power, the Committee feel, indicates lack of co-ordination between the two Ministries. The Committee, therefore, strongly urge the Government (Ministry of Power) to expedite the matter with the Ministry of Finance. The Committee are also constrained to note that the reply of the Government is silent on allowing other Power Public Sector Undertakings to take their own investment decisions on the lines of NTPC rather than routing through the Cabinet Committee on Economic Affairs. The Committee would await the action taken by the Government in this regard.

B. Need to augment Hydel Power Capacity

Recommendation (Sl. No. 6, Para No. 2.35)

10. Expressing their concern over adverse hydel thermal mix, the Committee had recommended that the Government should revise downwardly the ceiling of a Mega Hydel Project and desired that any hydel project with a capacity of 100MW and above should be made eligible to avail the benefits under Mega Power Policy.

11. In their reply, the Government have stated that they are aware of the need to improve the hydro thermal mix and is according high priority to exploit the untapped hydro-electric potential in the country. To accelerate the process of survey and investigation of the new hydro-electric sites and to create a shelf of feasible projects which could be taken up for execution, the Central Electricity Authority has carried out a preliminary ranking study of the balance hydro sites to enable potential hydro developers to take up detailed survey and investigation, cost estimates and tentative tariff for the most attractive and viable schemes in each basin in a phased manner. Through a process of countrywide consultation. 162 hydro-electric schemes, with an estimated capacity of 50,560 MW, have been identified for preparation of feasibility studies. This initiative for tapping 50,000 MW of hydro power was launched by the Hon'ble Prime Minister on 24th May 2003, and will pave the way for the creation of a shelf of projects which will be implemented in the next two plans. This exercise is being undertaken by various organizations under the overall coordination of CEA. A number of proposals have been received for modifications in the mega power policy. The suggestions include reducing the threshold limit in terms of project capacity so that more projects could be included for the fiscal concessions available under the policy. The issues are presently under-ministerial consultation and a decision will be taken in due course.

12. The Committee are unhappy to observe the inordinate delay in the modification of Mega Power Policy to give benefits and incentives to Hydro Power Projects below 500 MW. The Committee are of the view that the Government is not serious enough to promote hydel power in the country as they have still not taken any decision on a number of proposals received for modification in the Mega Power Policy including reducing the threshold limits in terms of project capacity and this Committee's specific recommendations to reduce it for hydel projects with a capacity of 100 MW. The Committee, reiterate their earlier recommendation and desire that the Government should immediately conclude the Ministerial consultations and apprise the Committee of the decision taken in this regard.

C. Village Electrification

Recommendation (Sl. No. 8, Para No. 2.51)

13. Taking note of slow pace of rural electrification, inspite of a number of schemes/programmes at Central/State levels, the Committee had recommended to step up their efforts in this regard. The Committee had also expressed their unhappiness over undue long time taken in clearance of Accelerated Rural Electrification Programme (AREP) which was announced by the Government during the budget for the year 2002-03 pending approval of the Group of Ministers. The Committee had desired its implementation without any further delay. The Committee also recommended the Government to take desired steps so that States having backlog of un-electrified villages should draw up an action plan to complete the village electrification by 2007 and get it expedited. The Committee had desired to know the steps taken to electrify villages which had been de-electrified due to one or the other reason.

14. The Government, in their reply have *inter-alia* stated that there are 70,135 un-electrified villages in the country as on 31.3.2003. During the year 2002-03, 6350 villages have been electrified which is more that 50% of the villages electrified during the 9th Five Year Plan. There are no constraints of funds for rural electrification. However, the pace of rural electrification during the 9th Five Year Plan has slowed down as compared to the 8th Five Year Plan because of the following reasons:

(i) Leftover villages are generally located in remote and difficult areas.

(ii) Electrification of villages has become costly and un-remunerative.

(iii) Inadequate sub-transmission and distribution system.

(iv) Non-repayment of dues of REC resulting in no sanction of fresh projects.

(v) Lack of demand from the consumers due to general backwardness and poor economic conditions.

15. As a follow up of Finance Minister's budget speech of 2002-03, Government introduced a new interest subsidy scheme called 'Accelerated Rural Electrification Programme (AREP)' during the year 2002-03 for electrification of unelectrified villages, un-electrified hamlets,

dalit bastis and households. Under this programme 4% interest subsidy is available to States on loans. During the year 2002-03, Rs. 157.87 crore has been utilized under AREP.

16. According to Ministry of Power, in order to accelerate the pace of rural electrification in the country, the following initiatives have been taken:—

(i) From the year 2001-02 Rural Electrification has been treated as basic minimum service under Pradhan Mantri Gramodaya Yojana (PMGY). Under this programme funds are released for all six components including rural electrification. During the year 2002-03, Rs. 363 crore was released under PMGY for rural electrification. In 2003-04, a budgetary provision of Rs. 2767 crore has been made under PMGY for all the six components including rural electrification.

(ii) Under Minimum Needs Programme (MNP), Rs. 600 crore has been released to the States during 2002-03 as compared to release of Rs. 175 crore in the year 2001-02. Again during 2003-04 a budgetary provision of Rs. 600 crore has been kept under MNP.

(iii) REC has also offered a new financial package to State Electricity Boards/States-loans on very low rate of interest for village electrification, electrification of hamlets and dalit bastis ranging from 3 to 4%. The unique feature of this scheme is that if the projects are successfully implemented within the project schedule, the concessional interest rate will be considered for waiver by REC and refunded to the borrower, this makes the scheme virtually interest free. REC has earmarked Rs. 500 crore every year for village electrification for the next four years.

(iv) As per the Electricity Act, 2003, local generation and distribution of electricity (Stand alone system) in rural areas has been exempted from licencing and Electricity Distribution in rural areas by local authorities. Panchayat Institutions, Users associations, Co-operative societies, non-governmental organisation, or franchisees has been encouraged.

(v) REST Mission has been launched by the Government of India to provide access to electricity at affordable levels to rural areas based on technology options and innovative financing.

In the State Power Ministers' conference held on 12th June, 2003, all the states present there resolved to electrify all the villages by 2007 and coverage of all household by 2012.

17. Although the Committee are happy to note that the Government have taken elaborate steps to boost the pace of village electrifications and States have resolved to electrify all villages by 2007 and coverage of all households by 2012, the Committee find that the Government's reply is silent about the steps taken to electrify villages which had been de-electrified due to one or the other reason, especially in the State like Bihar. The Committee would like to be apprised of the action taken by the Government in this regard. The Committee feel that the incidents of villages and hamlets declared electrified, having under-gone de-electrification may jeopardize the Governments plan to electrify all the villages by 2007 and coverage of all household by 2012. The Committee, therefore, would like to know the steps taken by the Government to ensure that villages once electrified remain electrified by all means and all households, irrespective of backwardness, remoteness, difficult areas and poor economic conditions are covered by the year 2012.

D. Kutir Jyoti Scheme

Recommendation (Sl. No. 9, Para No. 2.52)

18. Taking note of the fact that neither the Performance Budget 2003-04 nor the Annual Report 2002-03 of the Ministry of Power provide any information about Kutir Jyoti Programme, an important programme for rural electrification, for which Rs. 100.00 crore were budgeted for the year 2003-04, the Committee had desired that the Government should ensure that appraisal of such an important scheme is featured regularly in the Performance Budget and Annual Report of the Ministry of Power in future.

19. In their reply, the Government have stated that as regards appraisal mechanism for release of connections under Kutir Jyoti, mechanism for allocation and sanction for funds under Kutir Jyoti programme, is in accordance with the guidelines on Kutir Jyoti programme, allocation of grant as provided in the budget during each year is made State-wise in proportion to the rural population/number of rural households below poverty line and intimated to SEBs/State

Power Departments in the beginning of the year. Based on the request for sanction of Kutir Jyoti connections for the year received from them, sanction is conveyed and on their acceptance of the same, an advance of 50% of the grant sanctioned is released to them. The balance 50% is disbursed on actual release of connection as per list of beneficiaries-block-wise/taluka-wise furnished by them. REC officers in the Project Offices in the States during their field visits invariably monitor the progress from the records of the SEBs/State Power Utilities and also carry out physical verification of at least 2 per cent of connections reported as released by them. As regards an independent evaluation of Kutir Jyoti Programme, a study on 'socio-economic impact of Kutir Jyoti Programme in Rural Areas' was got completed by REC in February, 2000 through ORG Centre for Social Research, Vododara. In order to have another evaluation of this programme done afresh to ascertain the impact it has made to improve the quality of lives of rural poor households in lighting of their homes, it has been decided to commission independent studies (on regional basis like Eastern, Western, Southern and North Eastern) in selected States covering at least two representatives States in each Region. National productivity Council (NPC), the Energy and Resources Institute (TERI) and National Council of Applied Economic Research (NCAER) are being commissioned for this purpose.

20. The Committee are satisfied with the present appraisal mechanism for allocation and sanction of funds under Kutir Jyoti Programme to various State Governments. The Committee also find that the Government have not responded to their recommendation of ensuring appraisal of important scheme like Kutir Jyoti on a regular basis in the Performance Budget of the Ministry. The Committee reiterate their earlier recommendation of incorporating performance appraisal of the scheme in the Performance Budget of the Ministry.

21. The Committee have observed that the Government are commissioning study by various agencies to evaluate Kutir Jyoti Programme on regional basis covering at least two representative States in each region. The Committee are of the view that a representative/sample study cannot be construed to be applicable to each and every constituent of the region. The Committee, therefore, recommend that each and every State should be evaluated for the performance of Kutir Jyoti Programme and the deficiencies revealed be made good. All the States could be covered either by engaging some more agencies or the identified agencies directed to evaluate all the States in a particular region.

E. Project planning and implementation in DVC

Recommendation (Sl. No. 19, Para No. 2.83)

22. Expressing their unhappiness over failure of DVC to add new capacity, the Committee, had recommended that DVC should review their project planning and implementation mechanism so that the projects are commissioned as per schedule in DPRs.

23. The Government, in their reply have stated that DVC is reviewing the project planning and implementation programme so that the projects as commissioned as per schedule. During the 10th five year plan the following projects of DVC are scheduled for commissioning as per the dates indicated against such of them:—

Sl.No.	Project	Targeted date of commissioning
1.	Mejia TPS Unit-IV	September, 2004
2.	Mejia TPS Unit-V	March, 2006
3.	Mejia TPS Unit-VI	September, 2006
4.	Chandrapur TPS Unit-VI	July, 2006
5.	Chandrapur TPS Unit-VIII	November, 2006
6.	Maithon Right Bank Thermal Power Station (4x250 MW)	2006-07

24. The Committee are unhappy to note the casual approach adopted by the Government by merely intimating that the Damodar Valley Corporation (DVC) is reviewing the project planning and implementation programme to ensure commissioning of project as per schedule. The Committee desire to know the constructive action taken by the Government/DVC to implement their recommendation and would, therefore, like to know the details of flaws identified in project planning of DVC and the steps taken to overcome them.

F. Fuel supply agreement for Maithon Right Bank Thermal Power Station

Recommendation (Sl.No. 20, Para No. 2.89)

25. The Committee had noted that Long Term Coal Supply Linkage for 1000 MW Maithon Right Bank Power Station initially granted by the Standing Linkage Committee in 1997 for supply of 3.9 mtpa, was

subsequently revised to 4.864 mtpa, vide Ministry of Coal Letter Ref. No. 47011/11/96/CPA dt. 31st August 1999. The Chairman and Managing Director, Bharat Coking Coal Limited (BCCL) confirmed allocation of coal from certain coal mines, which was later reconfirmed in the Coal Linkage Committee Meeting, dated 30th April, 2002 and it was decided that Fuel Supply Agreement (FSA) would be signed by September 2002. However, the Committee were unhappy to note that on further follow-ups to conclude the Fuel Supply Agreement, BCCL informed that the above-identified coal blocks were no longer available and hence the FSA could not be signed. Instead in August 2002, BCCL put up a proposal to supply coal from its other coal mines *viz.* Laikdih, Salanpur (A,B,C&D) mines. The Committee had deplored the way the Ministry of Coal had not intervened in the matter and the linkage granted by Standing Linkage Committee in 1997 subsequently annulled. The Committee had felt that such action were unwarranted on the part of the coal companies and recommended that the matter should have been brought to the notice of the Cabinet Committee on Economic Affairs of by the Ministry of Power. At the same time, as the Maithon Power Project with a capacity of 1000 MW promoted jointly by BSES and the Damodar Valley Corporation scheduled to be commissioned in the 10th Five Year Plan and had a direct bearing on the proposed power development programme, the Committee strongly urged the Government to take steps to ensure that either Fuel Supply Agreement from the nearby coal source is concluded or a suitable mine block in the neighbouring area allotted immediately to the promoters.

26. In their reply, of the Government have stated that as per the information received from DVC, Coal Linkage of 4.864 million tones per annum has been granted by the Standing Linkage Committee (long-term) for Maithon Right Bank Thermal Power Station. This linkage has been confirmed by CMD, BCCL in the 18th meeting of the Screening Committee held on 5th May, 2003. BCCL has also forwarded draft copy of Fuel Supply Agreement and the same is under review by M/s MPL and further discussion with BCCL is scheduled to be held shortly.

27. In this regard, the Ministry of Coal have informed that BCCL has intimated to the CEO, Maithen Power Company *vide* letter dated 10.7.2003 wherein it has been mentioned that coal supply to the project will be made from the same basket from where coal is being supplied to DVC. The date of signing the Fuel Supply Agreement with DVC and Maithen Power Company which was scheduled on 16.7.2003 has been deferred. It is reported to be fixed shortly.

28. The Committee find that on the question of Fuel Supply Agreement for 1000 MW Maithon Right Bank Power Station, the Ministry of Power had earlier informed that Long Term Coal Supply Linkage was initially granted by the Standing Linkage Committee in 1997 for supply of 3.9 mtpa which was subsequently revised to 4.864 mtpa, *vide* Ministry of Coal Letter Ref. No. 47011/11/96/CPA dt. 31st August 1999. The Chairman and Managing Director, Bharat Coking Coal Limited (BCCL) confirmed allocation of coal from certain coalmines, which was later reconfirmed in the Coal Linkage Committee Meeting, dated 30th April, 2002 and it was decided that Fuel Supply Agreement (FSA) would be signed by September' 2002. However, the Committee were unhappy to note that on further follow-ups to conclude the Fuel Supply Agreement, BCCL informed that the above-identified coal blocks were no longer available and hence the FSA could not be signed. Instead in August 2002, BCCL put up a proposal to supply coal from its other coal mines *viz.* Laikdih, Salanpur (A,B,C,&D) mines. The Government have now stated that linkage of 4.864 mtpa has been granted by the Standing Linkage Committee of Maithan Right Bank Thermal Power Station without clarifying as to whether there is any shift of mine from which coal was initially proposed for the project and if so, the reasons therefor. The Committee are constrained to note that at times the Government have failed to provide adequate information and therefore the Committee feel unhappy by the incomplete and evasive replies furnished to them. The Committee would, therefore, like to know the steps taken by the Government to ensure that proposed Fuel Supply Agreement is not annulled/changed without the consent of the consumers which in this particular case is the Mathion Thermal Power Project. It may also be indicated, if it has been changed, how it is likely to affect the cost of the project and the cost per unit.

G. Present status of Tripura Gas Turbine Project and Tipaimukh HE Project

Recommendation (Sl.No. 23, Para No. 2.103)

29. The Committee were perturbed to note that works on Tuivai H.E. Project, Tipaimukh HE (multipurpose) Project, Tripura Gas Turbine Project, Lower Kopili H.E. Project and Ranganadi H.E. Project-Stage-II could not be taken up so far during the year 2002-03, pending investment approval. The Committee had desired that Government to ensure financial closure of the Tripura gas-based power project of 500 MW targeted to be commissioned during 10th Plan at the earliest. The Committee had also recommended that besides investment approval

for the project, the Government should also ensure required quantity and quality of gas for the project. The Committee were, however, glad to note that Techno-Economic clearance of Tipaimukh H.E. (Multipurpose) Project is reported to be expected very shortly and the Government of India was according top most priority for start of this project within this year and it was expected that all statutory clearances would be obtained and investment approval to the project would also be obtained during the year. A provision of Rs. 40.00 crore as net budgetary support had been provided for this project for the year 2003-04 so that infrastructure development works could be taken up. In view of this, the Committee had recommended the Government to take all necessary steps to ensure that work on Tipaimukh Dam should at least start during 2003-04 and the provision of Rs. 40.00 crore through NBS be fully expended.

30. The Government in their reply as regard to the present status of Tripura Gas Based Combined Cycle Power Project (280 MW) have stated that considering reduced availability of gas of 1MMSCUMD, revised DPR for capacity of 280 MW was submitted to CEA and revised TEC has been issued by them on 25.4.03 at a present day estimates cost of Rs. 891.071 crore and a completed cost of Rs. 971.02 crore. Further pre-PIB memorandum has been submitted to Ministry of Power on 19.5.03 with a revised capacity of 280 MW. Pre-PIB meeting is scheduled for 20th June, 2003.

31. As regard to present status of Tipaimukh H.E. Project (1500 MW), the Government have stated that status of MoU and NOC from State Government's of Manipur, Assam and Mizoram have been already signed/obtained CEA is being perused for early accord of TEC and funding of the project *i.e.* letter of comfort from PFC obtained. Letter of confront has also been obtained from PTC.

32. Following further steps have been taken to execute the Tipaimukh H.E. project:—

(i) TEC by CEA

(ii) Pre-PIB/PIB

(iii) Environment and Forest clearance. Work for EIA and EMP studies have been awarded and the same is under progress, after which formal application for obtaining E&F clearance from MOE&F will be submitted. 1st stage and 2nd site clearances obtained from MOE&F.

(iv) CCEA clearance and

(v) Parallel activity for preparation of tender documents for short-listing of prospective bidders have already been taken up.

33. The Committee are surprised to note that although the replies of the Government have been received on 13th November, 2003, the information received by the Government have indicated the status of Tripura Gas-based Combined Cycle Power Project (250 MW) and Tipaimukh Hydro-Electric Project (1500 MW) as on March, 2003. The Committee feel that the action of Government on the recommendations of the Committee had belittled the status of the Parliamentary Committee as no updated information has been furnished and no concrete action has been taken on the recommendations of the Committee. The Committee, therefore, take a strong note of such lackadaisical approach that has been adopted by the Government while furnishing the Action Taken Replies to Committee's observation/recommendation. The Committee desire that Government should ensure that replies furnished to them are clear, updated and complete in all respect. The Committee would however, like to know the present status of the projects referred to above.

H. Steps Needed to Reduce Cost of Hydro Project

Recommendation (Sl.No. 24, Para No. 2.104)

34. The Committee had noted that in the event of loading of security expenditure, diversion of national highway, flood moderation scheme on the project cost, the Tipaimukh Hydel Project would become unviable. If such costs were excluded from project cost this would bring down tariff by 87 paise per kilowatt. The Committee had expressed their view that no power project should be abandoned in North-East/J&K regions on the grounds of security. At the same time, the Committee had recommended that cost of security should not be loaded on project cost. Similarly, adequate provisions should be made in the budget of Department of North-Eastern region and Water Resources for funding flood moderation schemes. The Committee found that Ministry of Water Resources had been operating a scheme for flood control in Brahmaputra and Barak valley under which grant was provided for undertaking works of flood control and moderation schemes. The Committee had desired that funds should be provided in the budget for meeting expenditure on account of the flood moderation scheme on account of Tipaimukh hydel Project. The Committee also desired that the Government should make appropriate fund in the budget of Ministry of Surface Transport for meeting expenditure for diversion of national highways occurring as a result of this project.

35. The Government in their reply have *inter-alia* stated that the Hydro Clectric Projects in North East and J&K are located in difficult areas requiring adequate arrangements of security both at the project site as well as at the project establishment. The responsibility to make security arrangements as per the agreements signed by the CPSUs with the State Government rests with the State. The State Government of Manipur has to provide adequate and full security to the project. In case adequate security is not provided, various stages of project implementation will be delayed causing cost and time overrun and good contractors will not bid for the project. Therefore, it was *inter-alia,* decided in the meeting held on 2.12.2002 between the Ministry of Home Affairs and Government of Manipur to ensure that the security cost should not be loaded on the project cost. In view of the above the Government of Manipur has been advised, *vide* this Ministry's D.O. letter dated 28.2.2003 to take up the matter with the Ministry of Home Affairs for their assistance in providing security around the Tipaimukh HE Project. Thereafter, Ministry of Power would also take up the issue with the Ministry of Home Affairs, if necessary. The Government have further stated that the recommendations of the Committee have also been forwarded to Ministry of Water Resources, Brahmaputra Board, Ministry of Surface Transport and Development of North Eastern Region for taking appropriate action for making provision in their budgets for flood control, for meeting expenditure for diversion of National Highways occurring as a result of implementation of Tipaimukh Hydel Project scheme.

36. According to Ministry of Power, Ministry of Water Resources have informed that the funds as envisaged in the budget for meeting, expenditure on the flood moderation for Tipaimukh Hydel Project can not be incorporated through the scheme for flood control in Brahmaputra and Barak Valley. The scheme is Brahmaputra and Barak Valley is a Centrally Sponsored Scheme for taking up critical flood control/anti erosion aspects during the Xth Five Year Plan which caters for all the North-Eastern States including Sikkim and West Bengal falling within the Brahmaputra Basin. However, the scheme is still in the formulation stage and is yet to be discussed by the EFC and posed to Planning Commission/CCEA for approval.

37. The Ministry of Power have further stated that in the Multi-purpose projects, the flood moderation aspect is a part of the project and no separate provisions in this aspect are kept in the project estimate. While transferring the Tipaimukh Dam Project from Brahmaputra Board, it was stipulated that the project will be a multi-purpose with flood moderation as per the original Detailed Project Report. Ministry of Water Resources has already indicated that the

expenditure on flood moderation can not be borne by them and could either be borne by the concerned State Government or be a part of the project cost.

38. the following amount is estimated to be spent on flood control and modernisation, security and diversion of National Highway and other roads due to implementation of Tipaimukh HEP:—

Flood Control & Moderation	:	Rs. 288.76 crore
Security	:	Rs. 280.59 crore
Diversion of National Highway & other roads.	:	Rs. 105.00 crore

39. Ministry of Surface Transport have also been requested to make adequate provisions in their budget for meeting the expenditure on diversion of National Highways. The response from Ministry of Surface Transport is yet to be received.

40. In this regard, Ministry of Finance (Department of Expenditure) have stated that it does not support delinking the costs on account of security, diversion of National Highway and Flood Control from the project cost, as far as they are to be incurred due to implementation of this project and are directly relatable to the project.

41. The Committee are unhappy to note that although Government is spending huge funds every year for flood controls, development of highways and road, the concerned Ministries are reluctant to bear the expenditure in case of Tipaimukh HEP which is likely to solve the flood problem permanently. For developing multi-purpose project, all the expenditure on security, flood moderation and construction of roads is left to be met by the project authorities resulting in un-viability of the projects. The Committee feel that as benefits from flood moderation, construction of road, etc. are to be shared by the State Governments, funds released for flood control and construction of roads by respective Ministries should be infused in these projects so that it can help in reducing the ultimate project cost and not make the project un-viable resulting in shelving the projects. The Committee, therefore, reiterate their earlier recommendation to exclude the expenses on security, food moderation and road from the project. The Committee also urge the Government (Ministry of Power) to work out the losses incurred every year due to floods, especially in Barak Valley and the resultant benefit after flood-moderation works carried out on contribution of Tipaimukh Hydro-Electric Project and desire that the same may be

placed before this Committee and the Planning Commission/Cabinet Committee on Economic Affairs of the Government. The Committee also feel that the Government sponsored scheme for taking up critical flood control/anti-erosion aspect during the 10th Five Year Plan, which caters for all the North-Eastern States including Sikkim and West Bengal falling within the Brahmaputra Basin which is still in formulation stage should also cover Tipaimukh Hydro-Electric Project. The Committee also desire that the Ministry of Power should expedite the expenditure on diverting of National Highway from the Ministry of Surface Transport, reply of which is still awaited.

I. National Laboratory Status for CPRI

Recommendation (Sl.No. 26, Para No. 2.110)

42. The Committee found that in terms of Income Tax Act [Section 35 (2) (AA)], where an assessee pays any sum to a national laboratory or institute or a specified person with a specific direction that the such sum shall be used for scientific research undertaken under a programme approved in this behalf prescribed by the authority, an exemption of 125% is allowed to the assessee. National laboratories functioning under ICAR, ICMR, CSIR, DRDO, Department of Electronics, Department of Bio-Technology or Department of Atomic Energy had been approved by the prescribed authority. The Committee were of the view that although CPRI was not a national laboratory but is a premiere R&D laboratory totally dedicated to power sector. The past performance of CPRI was no less than a National Laboratory. The Committee, therefore, had recommended that CPRI should be made eligible to attract funds for R&D/augmentation/upgradation of testing facilities from private and public sector undertakings. The Committee did not share the contention of the Ministry of Finance that since CPRI was not covered under the definition of national laboratory it was ineligible. The Committee had desired that Government should amend the relevant statute to ensure that CPRI also attract funds for R&D and other activities.

43. According to Ministry of Power, the issue was taken up with the Ministry of Finance during the Budget discussions while suggesting modifications in the duty/tax structures for 2003-04. This was, however, not included in the final proposal of Ministry of Finance. No formal communication has been received from the Ministry of Finance in this regard.

44. However, the Ministry of Finance, (Department of Expenditure) have stated that the recommendation of the Committee regarding

weighted deduction for contributions made to Central Power Research Institute (CPRI) under Section (2AA) of the Income-tax Act, 1961 would be examined after due consultation with CPRI and the Ministry concerned.

45. The Committee find that the reply of the two Ministries *viz.* the Ministry of Power and Ministry of Finance (Department of Expenditure) as contradictory. Although, the Ministry of Power have stated that the issue was taken up with the Ministry of Finance during budget discussions while suggesting modifications in the duty/tax structure for 2003-04; the Ministry of Finance have reported that the matter will be sorted out in consultation with the CPRI and the Ministry of Power. From the reply of the Ministry of Power, the Committee observe that the Ministry have not taken up the issue of exempting of 125% of the sum as paid to a national laboratory for scientific research in case of the Central Power Research Institute (CPRI) and treat it as a national laboratory. The Committee cannot but disapprove the inaction on the part of the Ministry of Power to pursue their (Committee's) recommendation and desire that atleast now the Ministry of Power should take up the matter with the Ministry of Finance so that CPRI could be benefited during 2004-05.

J. Direct release of APDRP Funds to Executing Agencies

Recommendation (Sl. No. 29, Para No. 2.132)

46. On being apprised by the Ministry of Finance that to date Ministry of Power had neither been able to give a comprehensive list of SEBs showing cash improvements in their operations, to the Ministry of Finance, nor had the Ministry of Power requested Ministry of Finance to sanction any payments out of the incentive portion of APDRP funds, the Committee were not satisfied with the present system of allocation of funds to the State Government directly under APDRP. The Committee, therefore, had strongly urged the Government to reconsider the sanction/disbursal of funds under APDRP to State Governments and stressed that the funds should directly be released to implementing agencies for both the incentive and investment portion of APDRP funds.

47. In this connection, the Government have stated that the funds released under APDRP area of the nature of additional central assist over an above the normal central plan allocation and are released directly to the State Government concerned by the Ministry of Finance. However, all the State Governments had already advised that funds could be released directly to the project authorities to facilitate early

execution and completion of projects, if the State Government concerned so recommends on a case to case basis. The recommendations of the Committee have been circulated to all the State Governments reiterating the provision for release of funds directly to the implementing agencies as mentioned above. Therefore, the Ministry of Power will advise the Ministry of Finance to release funds directly to the project authority concerned, if recommendation of the State Government concerned are received in this regard.

48. In this regard Ministry of Finance (Department of Expenditure) have stated that during the year 2003-04 a sum of Rs. 830.34 crore has been released to Government's of Gujarat, Maharashtra and Haryana out of the incentive component of the APDRP Scheme for the reduction in cash loss, as per the recommendations of the Ministry of Power. As per the existing policy, release of funds is to be done to the implementing agencies only through the State Government concerned.

49. As regards to release of fresh funds under APDRP scheme to the implementing agencies, the Ministry of Finance have stated that as per existing policy, it is only through the State Government. The Committee feel that the Ministry have not taken note of the Committee's recommendation to directly release the funds to executing agencies and therefore the reply of the Government is silent to implement the same. At the same time, the Committee are however, happy to note that all the State Governments had already advised that funds could be released directly to the project authorities to facilitate early execution and completion of projects, if the State Government concerned recommend on a case to case basis. The Ministry of Power have also stated that they will advise the Ministry of Finance to release funds directly to the project authority concerned, if recommendation of the State Government concerned are received in this regard. The Committee expect the Government to immediately take necessary steps for direct release of funds to project authorities to facilitate early execution and completion of projects as reportedly advised by all the State Governments and also recommended by this Committee.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 2.10)

The Committee are pained to note that the total Plan outlay for power sector (Ministry of Power) during 9th Plan was drastically reduced from an allocation of Rs. 45591.05 crore to Rs. 39454.31 crore. The Committee are further perturbed to note that this downsizing the Plan Outlays has not stopped yet and the Plan outlays for 2002-03 were again reduced to Rs. 11268.26 crore at the RE stage from Rs. 13483.00 crore originally allocated. The Committee find that the Central Plan outlays for the year 2001-02 had undergone revision from Rs. 11525.53 crore to Rs. 9975.45 crore due to reasons such as delay in sanction of projects of NHPC, slow progress of the projects by NJPC, non-approval of new schemes of NEEPCO etc. The Committee observe the slakness in project formulation and implementation and desire that necessary corrective action be taken by the Government to ensure that project allocation be expended as targeted. Further, the plan outlay during 2002-03 have been reduced from Rs. 13483.00 crore to Rs. 11268.00 crore at RE stage. The Committee cannot but deplore the way, the new schemes of NHPC and NEEPCO are not getting required approvals during 2001-02 and again during 2002-03 resulting in under utilisation of plan outlays.

Reply of the Government

It is true that Ministry of Power is reducing the Plan outlay at RE stage every year in the last 3 years as indicated above. The reason for such reduction is due to the fact that while preparing the budget for the financial year, we take into account the requirement of funds for all on-going schemes as well as new start-ups. While estimating the requirement for funds for on-going schemes is least uncertain and therefore get utilised, the funds spending on new start-ups are contingent on sanctions and clearance which involve inter-ministerial consultation and clearances. Nevertheless we make full provision to prevent any uncertainty of funds leading to stoppage of work or delayed procurement or sudden demobilisation giving rise to contractual claims. As already stated during the course of the year, certain unanticipated factors like delay in the process of clearances, award of work including disruptions beyond the control of the Ministry result in inadequate spending and consequent surrenders. To address such issues, we are constantly innovating to foresee problems and identify issues and prepare ourselves to meet such contingencies. As the alternative to reduce it provision could exacerbate another kind of uncertainty which will be equally bad. We would like to err on the higher side than on the lower side.

Further, having learnt the lessons from the past, the Ministry is constantly reviewing the progress of work and status of issues, both at the stage of obtaining investment approval and thereafter at the stage of project implementation. A system of quarterly review meetings of CPSUs, visits to sites and weekly review meeting with senior officers of the Ministry has been evolved to ensure that such surrenders are brought down to a minimal level.

[Ministry of Power F. No. 20020/5/2003-Budget dated 13.11.2003]

Recommendation (Sl. No. 3, Para No. 2.32)

While examining the capacity addition programme during 9th Plan, the Committee were distressed to note from the details of the projects under execution that the commissioning period of thermal units in the Central Sector ranged from 18 months in case of Faridabad CCGT commissioned by NTPC to 122 months, in case of Mejia thermal power station commissioned by the Damodar Valley Corporation. Implementation of thermal units by private sector during the 9th Plan indicates that although LVS-DGPP commissioned by LVS Power Limited in Andhra Pradesh was completed in 18 months time, the maximum time taken for commission of thermal units Paguthan CCGT by Gujarat Torrent Energy in Gujarat was 48 months. The Commissioning schedule of thermal units in the State sector also indicates varying time taken by commissioning agencies from 23 months (Paragati CCGT by the Delhi Vidyut Board) to 135 months (Panipat TPS by HPGCL). The Committee were further perturbed to note that some hydro-electric projects took as much as 26 years for completion. Doyang (NEEPCO) project in Nagaland was completed in 17 years. Rangit-III (NHPC) and Ranganadi (NEEPCO) were completed in 10 and 16 years respectively. Further, the commissioning of hydro-electric projects in the State sector indicates that in the Northern sector these were completed in 11 to 18 years. In Wester region, Rajghat in Madhya Pradesh was completed in 8 years whereas Kadana PSS in Gujarat was commissioned in 26 years. Similarly, both Kakkad hydro-electric project in Kerala and upper Indravati project in Orissa were completed in 23 years. The only project commissioned by the private sector during the 9th plan was Malana (2x43 MW) in Himachal Pradesh and this project was completed in 3 years of time. Although, the Government have stated that steps have been taken like regular review meetings, arrangements of necessary resources, regular visits to power plant site to ensure the achievement of capacity addition targets set-forth in 10th Plan, the Committee failed to understand whether these often stated steps were not undertaken while achieving 9th Plan generation targets. The Committee, therefore, cannot but deplore the Government's casual approach to achieve future target of power generation and recommend that the delay in implementation of both thermal and hydel projects be investigated by comparing delayed projects with such projects who have been completed in a short span. The Committee should await the report of the Committee investigating such delays and desire that the Government should take necessary steps on the findings so that future thermal and hydel units are completed as per the initial targets set for them. It would be seen from the details of the additions made during 9th Plan that major shortfalls have been reported in Central Sector and Private Sector. The State Sector has been able to achieve its targets to a large extent. But it appears that while fixing the targets for 10th Plan, these facts have not been kept in mind. The target fixed for the Central Sector is 22832 MW whereas, its achievement during 9th Plan had been only 4504 MW. The Committee desire that realistic targets should be fixed in future for Plan periods taking into consideration all such factors.

Reply of the Government

The targets for capacity addition during a five year plan are fixed keeping in view the availability of various inputs/facilities like land, fuel, water, clearances from various agencies and source of financing.

Slippages in the Power Projects take place due to various reasons. Such as natural calamities, geological surprises resettlement and rehabilitation problems, delay in obtaining requisite clearances, none achievement of financial closure in respect of private projects etc. The Standing Committee for fixing responsibility for time and cost overruns was constituted by Ministry of Power on 7.9.1998. The said order was revised further on 28th January, 2000 and as per present set up the Standing Committee functions under the chairmanship of Additional Secretary (Power). Observations made by this Committee are to be necessarily included in the PIB notes for revised cost estimates for Central Sector Projects. Ministry of Programme Implementation is also constantly reviewing the progress of the on-going Central Sector Projects costing Rs. 100 crores and above.

The reasons for delay in respect of Power Projects mentioned in the report are given as under:—

Hydro Projects

Name of the Project	Capacity (MW)	Reasons of Delay
1	2	3
Doyang (Nagaland) (NEEPCO)	3x25	The Project funded by NEC, was earlier sanctioned in 1983 for 105 MW (3x35 MW). Subsequently studies were carried out which resulted in reduction in reservoir capacity and installed capacity revised to 75 MW (3x25 MW). • Land acquisition problem • Law & order problems • Funds constraints • Change of executing agency • Flooding of Power Houses in August, 98
Ranganadi (Ar.Pr.) (NEEEPCO)	3x135	• Delay in award of dam & Power Houses works • Slow progress of HRT • Funds constraints • Geological surprises
Rangit (Sikkim) (NHPC)	3x20	• Poor performance of the civil contractors for dam, HRT & PH • Funds constraints • Contractors withdrawn due to poor performance. Works taken up departmentally. • Flash floods in May, 1999
Kadana PSS St. I & II (Gujarat)	St. I 2x60 St. II 2x60	• Cash flow problem • Slow progress of works

1	2	3
Rajghat (MP/UP)	3x15	• The project delayed mainly due to non-availability of funds for construction of dam
Kakkad (Kerala)	2x25	• The project delayed mainly due to delay in completion of HRT • Due to strikes • Due to Court case • Suspension of works by contractor for revisions of rates
Upper Indravati (Orissa)	3x150	• Slow progress of works • Cancellation of World Bank Loan • Funds constraints • Flooding of Power House in July, 1991
Thermal Projects		
Panipat St. IV (U-6) (Haryana)	210	The project was sanctioned in July, 1989. The detailed orders for boiler and TG was placed on BHEL in 12/89 and 3/91 respectively. Till 9/95, 7068 MT out of total quantity of 12500 MT of boiler material was received at site. TG supplies were commenced in 1/92. Civil works were commenced in 1991, but due to paucity of funds, the progress was not satisfactory and finally the work came to standstill in 1995. The work was revived in May 1998 only and the boiler erection started on 30.9.1998. The unit was finally sychronised in March, 2001.

1	2	3
Mejia TPS (DVC)	3x210	• Delay in commencement and slow progress of erection of boilers & TG by BHEL for Units 1 & 2 • Delay in finalization of agency for TG erection of Unit-3 • Delay in commencement of structural work • Labour problem at site • Delay in placement of order for C&I equipment and related supplies by KELTRON. Later on supplies for Unit 2&3 were delinked from KELTRON and order was placed on M/s Siemens • Delay in radiness of TG hall/ deck/ETO crane • Delay in completion of river water intake piping work • Delay due to reordering of stack because of legal problems. • Paucity of funds
Pragati CCGT (Delhi)	330	The nozzles of GT-1 were damaged due to high temperature and these nozzles were replaced by nozzles of GT-2. The commissioning of GT-2 thus got delayed on account of non-availability of these nozzles in time as these were being repaired at GE Works in Singapore. This delayed the synchronization of GT-2 by about 6 months.

1	2	3
		Consequently the synchronization of Steam Turbine (ST) was delayed by 6 months. The project has been commissioned in all respect in June, 2003.
Paguthan CCGT (Gujarat)	655	The zero date of the project was 24.1.96, which was the date of financial closure. The TEC was accorded to the project on 25.11.93 and clearance for finance was given in October, 1994. The project with combined cycle was commissioned on 13.10.1998 in 32 months from the zero date. Thus there was a delay of only 2 months in commissioning of the project in closed cycle mode.

With a view to make realistic projections with regard to capacity addition, Planning Commission constituted a Working Group on Power. The Working Group has assessed a need based capacity addition of about 57,000 MW for the X Plan which would by and large meet the power requirements projected by the 16th Power Survey Report. However, based on discussions with CPSUs and SEBs/State Utilities Working Group has assessed the feasible capacity addition during the X Plan would be about 46939 MW. Planning Commission after taking into consideration the on-going schemes and projects in pipeline, likely gestation period for completion of projects and likely availability of funds, had set a target of capacity addition of 41,110 MW during the X Plan period.

Keeping in view the fact that the capacity addition by and large has lagged behind the targets which has been set before the onset of the plan period, minute details of each project from its appraisal to execution have been worked out to ensure that capacity addition target set for 10th Plan is definitely achieved. One Major shift which has been adopted for the 10th Plan is that before finalizing the list of projects, detailed discussions have been held with each of States/ Utilities. Their views have been assessed and the projects have been identified with their concurrence. This bottoms-up approach is expected to be more fruitful since the States have given commitment on the implementation of the projects which have been identified.

[Ministry of Power F. No. 2/16/2003-P&P Dated 13.11.2003]

Recommendation (Sl. No. 4, Para No. 2.33)

Taking note of the fact that an investment of Rs. 8,00,000 crore is needed in the next 2 Plan periods for a capacity addition of 1,00,000 MW in the country, the Committee would like to know the present status of the resources mobilized during the first year of 10th Plan against the total 10th Plan outlays for the capacity addition. The Committee have also observed that against the target of 41,110 MW capacity addition during 10th Plan, 48% of this *i.e.* 19846 MW is already under execution. Further against the targeted hydro-electric capacity addition of 14393 MW during 10th Plan, 10630 MW is already under execution. Considering the slippages of both thermal and hydel plants from 9th Plan to 10th Plan, the Committee desire the Government/ implementing agencies to start all the projects targeted for 10th Plan in the right earnest so that they are not slipped to the 11th Plan. In this regard, the Committee recommend that an action plan be formulated to implement all the projects targeted for the 10th and 11th Plans and the Committee be apprised of the same.

Reply of the Government

The Central Plan outlay has been increased by more than three times in the 10th Plan in comparison to 9th Plan. The Planning Commission has allocated an outlay of Rs. 143399 crore for the Ministry of Power for the 10th Plan. This includes a budgetary support of Rs. 25,000 crore. The corresponding figures for the 9th Plan were Rs. 45591 crore and Rs. 14943 crore respectively. A plan outlay of Rs. 13,483 crore was allocated for the year 2002-03 of Ministry of Power including a Gross Budgetary Support of Rs. 3300 crore and the remaining Rs. 10183 crore as Internal and Extra Budgetary Resources (IEBR). Out of this, and amount of Rs. 8596.89 crore including a GBS of Rs. 1778.13 crore and Rs. 6818.76 crore as IEBR was spent during the year 2002-03. For the year 2003-04, a provision of 14667.61 crores has been made for the Central Sector under Ministry of Power comprising of Rs. 11167.61 crores as IEBR and Rs. 3500 crore as budgetary support.

Out of the total capacity of projects identified for the Tenth Plan (41110 MW) as on 1st July, 2003, projects having capacity of 3276 MW have been completed, 21891 MW are under execution and 7280 MW are under award.

Keeping in view the fact that the capacity addition by and large has lagged behind the targets which has been set before the consent of the plan period, minute details of each projects from its appraisal to execution have been worked out to ensure that capacity addition target set for 10th Plan is definitely achieved. The steps initiated in this direction, *inter-alia*, include the following:

(a) The 10th Plan capacity addition targets were finalized in consultation with the States and on the basis of identification of individual projects. The Central Electricity Authority and the Ministry of Power have been coordinating with the State Governments and the Utilities with a view to ensuring that each project identified for completion in the 10th Plan is actually completed on schedule.

(b) In order to ensure that the targeted capacity during 10th Plan is achieved, the monitoring mechanism has been strengthened. The Central Electricity Authority has a nodal officer for each project, both at the conception stage as well as during execution. In addition, regular review meetings are being organized in the Ministry of Power. The Ministry is also facilitating States in obtaining earlier clearances, resolving major bottlenecks and providing financial assistance through PFC/REC.

(c) In order to make up for any shortfall in original targets during 10th Plan, as additional capacity to the tune of 8017 MW, comprising of 7567 MW in thermal and 450 MW in hydro, has been identified in consultation with States/ CPSUs. This exercise became imperative as some of the projects originally identified for execution in the 10th Plan now do not appear to be feasible for a variety of reasons.

(d) In order to assist the States in mobilizing adequate resources for completing power projects, the role of REC has been expanded to cover financing of generation projects. This would enable REC to supplement the efforts of the Power Finance Corporation in financing generation projects. These two organizations have mobilized themselves adequately to see that the execution of a good project is not hampered due to lack of funds. There has been a remarkable increase in funds made available by these two organizations. In the year 2001-02 they disbursed around Rs. 5180 crores which increased to about Rs. 7500 crores in 2002-03.

(e) In order to ensure that State Sector achieves the said target, review meetings with the State Governments are being organized on regular basis. To draw the road map timely completion of 10th Plan projects Power Ministers' Conference was held on 12th June, 2003. In the conference, State Governments made commitment that Award of Contract in respect of all project related to 10th Plan would be definitely placed by March, 2004.

[Ministry of Power F. No. 2/16/2003-P&P Dated 13.11.2003]

Recommendation (Sl. No. 8, Para No. 2.51)

The Committee are perturbed to note that although according to the Central Electricity Authority, 77142 feasible villages still remain to be electrified, only 6542 villages have been electrified during the last 4 years. Further, the States failed to attain committed village electrification during 2002-03 as against the target of 13608 villages, about 500 villages are likely to be electrified. The Committee are dismayed to note the dismal performance of States in achieving the desired targets of village electrification during 2002-03. The Committee note that the village electrification is now treated as a Basic Minimum Services under the Pradhan Mantri Gramodaya Yojana (PMGY) from the year 2001-02 and funds are also made available to rural Electrification Programme under it by the Planning Commission. Funds for rural electrification programme are also made available to States out of Rural Infrastructure Development Programme Fund (RIDF) by NABARD and the Rural Electrification Corporation (REC). The Committee observe that funds will also be made available for Rural Electrification Scheme through the Accelerated Rural Electrification Programme (AREP) which is pending approval of the Group of Ministers, etc. The Committee is, however, surprised at the time taken in clearance of the scheme which has been announced by the Government during the budget for the year 2002-03. The Committee desire its implementation without any further delay. With this, the Committee feel that fund is no longer a constraint in the task for completing electrification of all the villages by 2007. However taking note of dismal performance of the State Governments in achieving village electrification targets, the Committee recommend the Government to take desired steps so that States having backlog of un-electrified villages should draw up an action plan to complete the village electrification by 2007 and get it expedited. The Committee would also like to know the steps taken to electrify such villages who due to one or other reasons have been de-electrified.

Reply of the Government

There are 70,135 un-electrified villages in the country as on 31.3.2003. During the year 2002-03, 6350 villages have been electrified which is more that 50% of the villages electrified during the 9th Five Year Plan. There are no constraints of funds for rural electrification. However, the pace of rural electrification during the 9th Five Year Plan has slowed down as compared to the 8th Five Year Plan because of the following reasons:

— Leftover villages are generally located in remote and difficult areas

— Electrification of villages has become costly and un-remunerative

— Inadequate sub-transmission and distribution system

— Non-repayment of dues of REC resulting in no sanction of fresh projects

— Lack of demand from the consumers due to general backwardness and poor economic conditions.

As a follow up of Finance Minister's budget speech of 2002-03, Government introduced a new interest subsidy scheme called 'Accelerated Rural Electrification Programme (AREP)' during the year 2002-03 for electrification of un-electrified villages, un-electrified hamlets, dalit bastis and households. Under this programme 4% interest subsidy is available to States on loans. During the year 2002-03, Rs. 157.87 crores has been utilized under AREP.

In order to accelerate the pace of rural electrification in the country, the following initiatives have been taken by the Government of India:

(i) From the year 2001-02 Rural Electrification has been treated as Basic Minimum Service Pradhan Mantri Gramodaya Yojana (PMGY) under this programme funds are released for all six components including rural electrification. During the year 2002-03, Rs. 363 crore was released under PMGY for rural electrification. In 2003-04, a budgetary provision of Rs. 2767 crores has been provided under PMGY for all the six components including rural electrification.

(ii) Under Minimum Programme (MNP), Rs. 600 crore has been released to the States during 2002-03 as compared to release of Rs. 175 crores in the year 2001-02. Again during 2003-04 a budgetary provision of Rs. 600 crore has been kept under MNP.

(iii) REC has also offered a new financial package to State Electricity Boards/States-loans on very low rate of interest for village electrification, electrification of hamlets and dalit bastis ranging from 3 to 4%. The unique feature of this scheme is that if the projects are successfully implemented within the project schedule, the concessional interest rate will be considered for waiver by REC and refunded to the borrower, this makes the scheme virtually interest free. REC has earmarked Rs. 500 crore every year village electrification for the next four years.

(iv) As per the Electricity Act, 2003, local generation and distribution of electricity (Stand alone system) in rural areas has been exempted from licencing and Electricity Distribution in rural areas by local authorities. Panchayat Institutions, Users associations, Co-operative societies, non-governmental organisation, or franchisees has been encouraged.

(v) REST Mission has been launched by the Government of India to provide access to electricity at afforadable levels to rural areas based on technology options and innovative financing.

In the State Power Ministers' conference held on 12th June, 2003, all the States present resolved to electrify all the villages by 2007 and coverage of all household by 2012.

[Ministry of Power OM. No. 44/11/2002-D(RE) dated 13.11.2003]

Comments of Committee

(Please *see* Para 17 of Chapter I of the Report)

Recommendation (Sl. No. 10, Para No. 2.53)

The Committee also find that against the total potential of 19,594 million of pump sets energization, as on 30.9.2002, 13.326 million pump sets have been energized. The achievement during 2002-03 (up to September, 2002) for pump set energization are 184259. In view of the large number of villages remaining un-electrified and vast number of pump sets energization against the available potential, the Committee desire that an action plan covering each State to complete hundred per cent electrification of villages by 2007 including pump set energization to the desired potential and that of the households by 2012 should be drawn up and the Committee be apprised of the same within 3 months.

Reply of the Government

As regards, action plan for energization of pumpsets for full utilization of available ground water potential, it may be mentioned that the target/size for energization of pumpsets is decided by the respective SEBs/State Power Utilities/State Govts. in accordance with their priorities and policies. To promote energization of pumpsets in all the States, REC supplements their resources for investments in the pumpsets energization programme by extending loan assistance under its specific category of loan *i.e.* "Project : Pumpset Energisation" aiming at energization of pumpsets. The State-wise status of energization of pumpsets and loan assistance drawn by the various SEBs/State Power Utilities/State Govts during the last three financial years are enclosed in Annexures-I & II.

[Ministry of Power OM. No. 44/11/2002-D(RE) dated 13.11.2003]

ANNEXURE-I

REC FINANCED PROGRAMME

Pumpsets reported as Energised during last three years

S.No.	State	2000-01	2001-02	2002-03
1.	Andhra Pradesh	5831	9423	13594
2.	Gujarat	5552	6385	8832
3.	Haryana	3075	1519	303
4.	Himachal Pradesh	390	214	148
5.	Jammu & Kashmir	502	568	572
6.	Karnataka	71652	29770	18467
7.	Kerala	18000	10895	11192
8.	Maharashtra	42656	29194	41882
9.	Punjab	2450	3500	1842
10.	Rajasthan	13766	8249	8937
11.	Tamil Nadu	42197	40200	28814
	Total	206071	139917	134583

ANNEXURE-II

REC FINANCED PROGRAMME

Loan Amount drawn by SEBs/Power Utilities for Pumpset Energisation

(Rs. in Lakh)

S.No.	State	2000-01	2001-02	2002-03
1.	Andhra Pradesh	7722	1596	4748
2.	Gujarat	3076	3070	3550
3.	Haryana	362	320	50
4.	Jammu & Kashmir	82	162	110
5.	Karnataka	3558	811	789
6.	Kerala	2876	1159	1630
7.	Madhya Pradesh	30	—	—
8.	Maharashtra	7784	3838	6283
9.	Punjab	495	419	246
10.	Rajasthan	4517	5445	3872
11.	Tamil Nadu	660	1766	22814
	Total	31162	18586	44092

Recommendation (Sl. No. 11, Para No. 2.62)

The Committee are unhappy to note the reduced revised outlays of Power Grid Corporation of India Limited of Rs. 2577.00 crore during 2002-03 due to delayed investment approval from the Government for projects such as Telecom, Rihand-II, Sipat, Dulhasti, Ramagundam-III, etc. Although during examination of Demands for Grants (2002-03) of the Ministry of Power, the Government have reported similar reasons for not expending the IEBR for the year 2001-02, the Committee fail to understand why the outlays and projects are allowed to languish year after year. The Committee are dismayed to note that during 2002-03 for Rihand-II against BE of Rs. 143.00 crore, the RE were Rs. 64.00 crore as the Ministry of Finance was not agreeing to convene PIB meeting. Further, Sasaram HVDC back to back-II scheme is not forthcoming as CEA has not agreed to techno-economic clearance. The Committee find that the achievement of Power Grid Corporation of India Limited for implementing transmission projects is far from satisfactory and hope that IEBR targets set for the year 2003-04 shall be fully mobilized and utilized. The Committee will like to be apprised of the action taken by the Government to ensure the same.

Reply of the Government

Regarding the delay in investment approval for certain projects, it is submitted that although all efforts are made to obtain the approval of the competent authority, sometimes procedural delays occur in the appraisal of the projects by the concerned appraising agencies. Ministry of Finance have since issued revised guidelines to avoid/minimize delays in investment approval.

A provision of Rs. 2750 crore has been made in the BE 2003-04 for implementation of the transmission schemes of POWERGRID as per the following details:

Ongoing schemes	Rs. 2028.73 crore
New Schemes	Rs. 563.74 crore
Completed Schemes	Rs. 13.88 crore
Telecom	Rs. 143.65 crore
Total	Rs. 2750 crore

The project-wise details in this regard are given at Annex.

Out of a total provision of Rs. 563.74 crore for the new schemes, a provision of about Rs. 343 crore has been made for Tala Transmission project and Sipat I & Sipat II Transmission projects. The scheme for Tala Transmission System Project has since been approved by the Government and the scheme for Sipat-I Transmission System is in the advanced stage of processing for investment approval. The schemes in respect of the other new projects are also under finalization/ examination. They are being closely monitored in the Ministry for getting timely approval. All out efforts are being made to mobilize and utilize the IEBR targets for the ongoing and new schemes in the year 2003-04.

[Ministry of Power O.M. No. 9/1/2003-PG dated : 13.11.2003]

ANNEXURE

POWER GRID CORPORATION OF INDIA LIMITED

(All figures in Rs Lakh)

Name of Project/Scheme	Revised Approved Cost	Latest Estimated Cost	Approved Budget Estimate 2003-04
1	2	3	4
A. ONGOING SCHEMES			
Tehri TL	70229	70229	5994
ULDC Southern Region	55904	55904	1802
ULDC Northern Region	59458	55901	42
ULDC Northern-Eastern Region	25036	25036	8954
Sasaram-HVDC-B/B	67156	59605	898
ULDC Eastern Region	38741	38741	9879
Allahabad S/S & LILO SKGR/Kanpur	8980	7444	227
Bhiwadi & LILO Ballabgarh-Jaipur	8675	7445	911
LILO of Bongaigon-Malda at Purnea	8020	8681	861
Takher-II	386561	299832	12220
Energy Meters for NR-I WR.ER.NER. & SR	738	1087	20
Kaiga-Narendra	7599	7599	1712
LILO of Bongaigon-Malda at Siliguri	6319	4553	553
LILO of Purnea-Dalkhola	940	497	120
ICT-Malda	945	787	—
ICT-Ballabhgarh	1068	535	26
Kolhapur-Mapusa	18194	15027	835

1	2	3	4
Jamshedpur-Rourkela	7540	5235	219
Talcher-Meramundali	4686	4686	1098
Series Capacitors for Kanpur-Ballabhgarh	1476	1343	7
ICT Jeypore	876	803	—
Dulhasti Combined	56705	56705	7742
Feroz Gandhi Unchahar TL-II	13515	11691	232
System Strengthening in SR (VIJ-NEL-Chennai)	39628	36119	1785
Dhauliganga TL	15053	15053	6656
East West Inter Regional Link	23738	21010	1077
Agra-Agra Inter Connector	4178	3141	484
ULDC Western Region	25482	22671	8220
Madurai-Thiruvananthapuram	19597	19597	6306
Gurgaon Complex	—	10930	403
Meramundali-Jeypore	16651	14302	2399
Bihar Grid Strengthening Scheme	16288	16288	5143
Ranganadi-ZIRO	2725	2725	892
Ramagundam-III	39012	39012	16215
Series Capacitors for Kanpur-Ballabhgarh-R&D	500	500	500
Series Capacitors on Panki-Muradnagar	2588	1273	732
System Strengthening II of SR-Hiriyur S/S BAY at Kolar	7761	7761	2775
LILO of Kolaghat-Rengali at Baripada	6624	6624	2021
Kahalgaon-Biharshariff	13577	13577	4225
Gazuwaka HVDC Augmentation	76925	76925	18210
Chamera-II	4949	4949	1476
System Improvement Scheme in UP (UPPCL)	2257	2257	245
Mau-Balia Transmission System	684	684	214
Series Capacitors at Raipur-Rourkela	9690	9690	6059

1	2	3	4
LILO of Rangit-Siliguri at Gangtok	4079	4079	1903
System Strengthening Scheme of WR (Khandwa S/STN).	10977	10977	4874
Tala-Siliguri Transmission System	23153	23163	7655
Transmission System Associated with Tarapur	23702	23702	6600
Series Compensation on NSG-CDP & GOOTY-Neelamangal	5793	5793	1525
LILO of Siliguri-Gangtok at Melli	511	511	200
Installation of Additional Transformer at Salakati S/ST	396	369	199
Rihand-II	104444	104444	28960
Raipur-Chandrapur	24860	24860	7300
Installation of INDICT at Indravati UHPC	1905	1905	200
Narendra S/STN.	6051	6051	193
Indira-Nepal (India Portion)	1969	1969	5
Supplementary TL for Tala HEP	39120	39120	2870
SUB TOTAL (A)	1424201	1311387	202873
B. NEW SCHEMES			
GRID STRENGTHENING SCHEMES			
System Strengthening-III in Southern Region Grid	—	16679	3273
Neelamangala-Mysore	—	15493	7485
Sipat-I	—	161938	18011
Sipat-II	—	40000	3700
Transmission System for Tala (Powergrid Portion)	—	87637	1200
Transmission System for Tala (JV Portion)	—	109427	11400
India-Bangladesh (India Portion)	—	10000	5
Teesta-Siliguri	—	10000	100
Ennore TL	—	110000	—
Sasaram HVDC-II	—	35000	—

1	2	3	4
Hirma-I	—	467000	—
Power Supply Improvement Scheme in Gurgaon (S/S at Chakkarpur)	—	3413	—
System Improvement Scheme of BSEB	—	31602	—
Tehri-II & Koteshwar, Transmission System	—	60000	1500
Dadri-II Transmission System	—	13500	500
System Strengthening Scheme in Uttaranchal	—	10500	500
National Load Despatch Centre (NLDC)	—	10000	1000
Composite Transmission System for North Karanpura, Barh & Kahalgaon	—	650000	200
Transmission System Associated with Kudankulam App	—	75000	2000
Neyveli-II Exp. Transmission System	—	65000	3000
Vindhyachal-III Transmission System	—	50000	2500
Sub Total (B) New Schemes	—	1385174	56374
Completed Schemes (As per annexure)	569762	558202	1388
Total (Power Sector)	1993963	3254763	260635
Telecom Sector			
Delhi-Mumbai Link	—	18623	1528
Telecom-base Network	—	74800	12837
Sub Total-Telecom	—	93423	14365
(Power Sector+Telecom)	1993963	3348186	275000

C. COMPLETED SCHEMES

Chandrapur HVDC B/B	102859	102859	—
Kathalguri TL	101010	106665	853
Vindhyachal TL-II	65771	60833	—

1	2	3	4
Augmentation of NER System	12213	13173	278
Kishenpur-Moga TL	93848	93848	—
Agartala Gas TL	2217	2488	—
RAPP B	11608	10673	—
Neyveli Bahoor TL	1408	1499	—
Jalandhar-Hamirpur	4308	4308	7
Nathpa-Jhakri TL	156163	143499	196
Ranganadi TL	17243	17243	54
LILO of Neyveli-Trichy at Neyveli	1114	1114	—
Sub Total	569762	558202	1388

Recommendation (Sl. No. 12, Para No. 2.63)

The Committee find that over-ambitious targets for telecom sector were proposed by Power Grid. During 2002-03, the total allocation for the telecom sector was Rs. 266.56 crore which was reduced at RE stage to Rs. 128 crore and only Rs. 53 crore have been utilized so far. The contention of the Power Grid that award of various packages for Telecom Base Network could not be placed as approval of the competent authority is awaited indicate the lack of project, planning, formulation and implementation on the part of Power Grid. It is in this context, the Committee would like to remind that the Power Grid was permitted to undertake telecom business with a stipulation that the excess revenue generated through this (telecom business) would be ploughed back in power sector, so that the delivered cost of power to the consumers is reduced. The present progress of Power Grid does not peak well of this organization. The Committee, therefore, desire that only achievable targets should be set forth so that the scarce resources are made available for other sectors of the economy.

Reply of the Government

Feasibility Report for establishment of telecom backbone network was taken up for investment approval in the year 2000 to enable POWERGRID to make an early entry into telecom business. Since this was a new venture being taken up by POWERGRID, certain issues were required to be resolved in consultation with Department of Telecommunication, TCIL and Ministry of Finance. These issues were ultimately resolved and the investment approval for the project would be issued only in March 2003 at an estimated cost of about of Rs. 934 crores.

Due to delay in investment approval, the projected allocation of funds in telecom sector by POWERGRID could not be utilized during 2002-03. After the investment approval in March 2003, POWERGRID have awarded the various packages relating to the telecom project and targets set for the project in the BE 2003-04 would be fully achieved.

[Ministry of Power O.M. No. 9/1/2003-PG dated: 13.11.2003]

Recommendation (Sl. No. 13, Para No. 2.64)

The Committee appraised the progress of Power Grid Corporation during 9th Plan and found that as against target of 1333 CKM of transmission capacity addition of 800 kV lines, only 1160 CKM was achieved. Similarly, as against the target of 18090 CKM of transmission capacity addition of 220 kV lines, only 17393 CKM could be realized. As regards to substations, against a target of 56497, only 56147 MW/MVA could be met. The Committee further find that there still remains inadequacies/missing links/bottlenecks at the end of 9th Plan from planning perspective and thus affecting the stability of the power system network. The main causes for the non-attainment of transmission works as envisaged at the beginning of 9th Plan includes—delay in the commissioning of the generating projects, setback to the transmission programme due to imposition of sanctions by the foreign financial institutions after Pokhran Nuclear Test, delay in sanctioning of funds by foreign financial institutions, availability of funds with the utilities, contractual, ROW, law and order problems and court cases, delay in forest clearance, dropping of transmission works by the utilities on account of non-development of the load in the area/region. In this context, the Committee would like to recommend that Power Grid should enter into indemnity agreement with all generating stations so that it is compensated for any loss occurring on account of the delay in commissioning of generating projects. The Committee have also noted that some of the reasons outlined by the Power Grid are difficult but not insurmountable. The Committee, therefore, desired that Power Grid should take proactive steps to ensure that projects plans are achieved completely and without any cost and time overruns.

Reply of the Government

POWERGRID has been taking steps for achieving timely completion of projects. In order to implement its projects with minimum cost and within stipulated time frame to derive maximum economic benefits, POWERGRID has adopted an advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project review and monitoring on regular basis so as to ensure that the projects are implemented expeditiously in cost effective manner. Some of the proactive actions taken by POWERGRID to reduce time period of project implementation include, standardization of design of tower structures and its foundations, advance action for Geographical survey and Geo-technical Investigations, preparation of Bidding documents of international standards with least scope of disputes, procurement activities, etc. in parallel with project investment approval process.

During the financial year 2002-03, POWERGRID commissioned projects worth Rs. 5,300 crore at a cumulative cost lesser by Rs. 826 crore than the Government of India approved cost. The major projects commissioned *inter-alia* include:

— Talcher-Kolar HVDC bi-pole link connecting Eastern Region and Southern Region—9 months ahead of schedule at a cost which was Rs. 700 crores less than the GOI approved cost.

— 400 kV D/C Kolhapur-Mapusa transmission line—9 months ahead of schedule at a cost which was 41 crores less than the approved cost.

— 400 kV S/C Jamshedpur-Rourkela transmission line—10 months ahead of schedule and well within approved cost.

— 400 kV D/C Raipur-Rourkela link inter-connecting Eastern and Western Region in synchronous mode—11 months ahead of schedule and well within approved cost.

— System strengthening in Southern Region (400 kV S/C Vijayawada-Nellore-Sriperumbudur transmission line)—1 month ahead of schedule and well within approved cost.

— Delhi-Lucknow-Mumbai telecom link has been commissioned with 9 months from the date of award.

— 500 MW HVDC back-to-back station at Sasaram connecting Eastern and Northern Region at a cost which is Rs. 75 crore less than the approved cost.

Ministry of Power agrees to the recommendation of the Committee that POWERGRID should enter into indemnity agreement with all generating stations so that it is compensated for any loss occurring on account of the delay in commissioning of generating projects. In fact, POWERGRID has recently signed project specific indemnification agreements with generating companies like NTPC (for Talcher Transmission System), NHPC (for Dhauliganga Transmission Project) and THPA, Bhutan (for Tala HEP in Bhutan).

[Ministry of Power O.M. No. 9/1/2003-PG dated: 13.11.2003]

Recommendation (Sl. No. 14, Para No. 2.65)

The Committee are happy to note that Power Grid could commission projects like Jamshedpur-Rourkela, Talcher-II, Trans-System and Kolhapur-Mapusa lines nine/ten months ahead of schedule. The Committee would like to be apprised of saving accrued, as a result thereof and recommend that engineers/technical officers responsible for such feat be appropriately rewarded. The Committee also recommend that the Government should introduce, a system of reward for completion of projects ahead of schedule, for all PSUs.

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Reply of the Government

During the financial year 2002-03, POWERGRID commissioned projects worth Rs. 5,300 crore, at a comulative cost lesser by Rs. 826 crore than the Government of India approved cost. The major projects commissioned *inter-alia* include:

— Talcher-Kolar HVDC bi-pole link connecting Eastern Region and Southern Region—9 months ahead of schedule at a cost which was Rs. 700 crores less than the GOI approved cost.

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— Delhi-Lucknow-Mumbai telecom link has been commissioned with 9 months from the date of award.

— 500 MW HVDC back-to-back station at Sasaram connecting Eastern and Northern Region at a cost which is Rs. 75 crore less than the approved cost.

POWERGRID has suitably rewarded its employees for advance completion of East-South interconnector-II (Talcher-Kolar HVDC Bi-pole) transmission system, which was executed at a cost much less than the approved cost by paying one-time special incentive to the employees.

[Ministry of Power O.M. No. 9/1/2003-PG dated: 13.11.2003]

Recommendation (Sl. No. 15, Para No. 2.72)

The Committee observe that the Budget Estimate 2002-03 of the National Thermal Power Corporation Limited at Rs. 3506.00 crore includes Net Budgetary Support (NBS) of Rs. 167.63 crore which was kept for three new projects (Sipat-I—Rs. 46.63 crore, Kahalgaon-II—

Rs. 50.00 crore and Barh—Rs. 71.00 crore). At Revised Estimate stage, the outlay were reduced to Rs. 2712 crore. The Committee have been informed that the reduction in the outlay is on account of shifting of provisions earmarked for Sipat-I, Barh and Kahalgaon-II and Bids for Sipat and Barh which were scheduled to be opened in July/August, 2002 respectively. The Committee further note that opening of bids for Sipat and Barh had to be postponed as BHEL was not able to finalize the collaboration arrangements, particularly in case of Bioler where their collaboration went into liquidation. The Central Electricity Authority had stipulated Techno-Economic Clearance (TEC) to ensure participation of indigenous manufacturers in bidding. The Ministry of Power have further informed that BHEL has not yet been able to finalize their Collaborator for the Boiler. As regards Kahalgaon Stage-II, the Committee have been apprised that unit configuration has been changed to 500 MW from 660 MW and bids are being opened in end of March 2003. The Committee do not approve of such a lackadaisical attitude on part of NTPC in undertaking project planning and implementation. The Committee desires that NTPC should review their project planning, formulation and implementation mechanism to ensure that projects are executed, as per DPRs. At the same time, taking into consideration that indigenous manufacturers, BHEL has not yet finalized their collaborator for the Boiler and delay in opening of bids for Kahalgaon Stage-II, the Committee would like to know the steps taken by the Government/CEA/NTPC to ensure that the projects are not further delayed. Taking note of the enhanced outlay of Rs. 2712.00 crore for 2002-03, the Committee expect that the Government/NTPC have taken all necessary steps so that targets set for the year be fully accomplished and the funds fully utilized. The Committee would like to know the concrete steps taken by the Government/NTPC to achieve the targets.

Reply of the Government

The Budget Estimate 2002-03 of Rs. 3506 crore was reduced at RE Stage to Rs. 2712 crore as awards for 660 MW units with supercritical parameters could not be finalized since BHEL could not tie-up their collaboration arrangements. Details of the case are as under:

1. Sipat STPP St-I, Barh STPP & Kahalgaon STPP St.-II

1.1 Sipat SPTT St-I & Barh STPP

The technical specification and commercial conditions for Sipat Stage-I and Barh STPPs are identical with each having configuration of 3x660 MW units with Super-critical parameters. CEA while according TEC for Sipat Stage-I (3x660 MW) had stipulated that NTPC shall ensure participation in the bidding by indigenous manufacturers having experience in supply of 500 MW sub-critical units. Similar stipulation was also made for Barh STPP. BHEL does not have experience in super critical technology. Their qualifying requirements were developed by NTPC so as to qualify BHEL (having experience in 500 MW sub-critical units) on the basis of Deed of Joint Undertaking (DJU) with a qualified collaborator for successful performance of the equipment.

The bids invited for Sipat-I were originally invited in May 2001 and again in January 2002 after the receipt of mega status.

BHEL and their collaborator for Turbine Generators, M/s Siemens sought series of major relaxation in the DJU and in certain critical terms and conditions of the bidding documents. Also BHEL's collaborator for Boiler went into liquidation and BHEL were looking for another collaborator for Boiler. This necessitated prolonged discussions with BHEL and the involvement of CEA, Ministry of Power, Ministry of Heavy Industries. The issue was resolved in December 2002 after detailed discussions and legal opinion. Revised DJU was issued to all prospective bidders and opening of bids for Sipat-I was scheduled on 28.03.2003. However, no bid was received on the last date of bid opening. Hence, re-tenders for Sipat-I were issued on 21.4.2003 with due date for opening on 05.09.2003. However, BHEL and other prospective bidders have again sought the extension to the bid opening date and the bid opening for Sipat-I had to be extended to October, 2003.

1.2 Bids for Barh were scheduled to be opened in August 2002 but delay in bid opening of Sipat-I Main Plant Package due to the delays in the resolving DJU issues/delays by BHEL in finalising collaborator for super-critical boiler, as stated above, also resulted in delay in bid opening for Barh Main Plant. Bids for Barh shall be opened in November 2003.

1.3 Kahalgaon Super Thermal Power Project Stage-II

Central Electricity Authority had accorded the Techno-economic clearance for setting up 2x660 MW super-critical units for Kahalgaon STPP, Stage-II vide OM dated 23.11.2001. The project has been identified for capacity addition during 10th Plan period. However, keeping in view the delays in the opening of bids for Sipat STPP, Stage-I and Barh STPP since BHEL was not able to finalize the Collaborator for 660 MW super-critical units and hence delay in finalization of super-critical units. The issue was deliberated at length with MOP and CEA with a view to identify actions and to achieve the targeted capacity addition in the 10th Plan period to avoid further delay in implementation of the Kahalgaon project. It was considered prudent to reconfigure the Kahalgaon project from 2x660 MW super-critical units to sub-critical units of 2x500 MW in Stage-II, Phase-I followed by 1x500 MW unit in Stage-II, Phase-II.

Subsequently, invitation to bids for the Steam Generator Package & Turbine Generator Package for Kahalgaon STPP, Stage-II, Phase-I was released in December 2002 and bids were opened in April 2003. Steam Generator package was awarded on 18.7.2003 and Turbine Generator package was awarded on 7.8.2003 and work is in progress.

Further, bids for the Main Plant packages for Kahalgaon STPP, Stage-II, Phase-II (500 MW) have also been opened on 24th/25th September, 2003.

Thus, it may be seen from the above that with the change in the configuration of the Kahalgaon Project, NTPC has been able to award the contract for 1000 MW Kahalgaon STPP, Stage-II, Phase-I, in a timely manner and efforts are being made by NTPC to ensure that both the units of the project are commissioned during 10th Plan period.

As explained earlier, in case of Sipat, Barh and Kahalgaon-II, it was decided in consultation with MOP and CEA to introduce new super-critical technology and 660 MW unit size. CEA, however, stipulated that participation by domestic bidders be ensured by NTPC. While BHEL had been informed in end 1999/early 2000 in this regard, alongwith need to tie up collaboration arrangement, however BHEL could not finalise the collaborator who would provide Joint Deed of Undertaking for performance of equipment as per requirement of NTPC bid documents generally on the line of these obtained in mid-1980s when 500 MW units were introduced in NTPC's Super Thermal Power Plants at Singrauli, Korba, Ramagundam etc. Inability of BHEL to timely tie-up qualified collaborator/make them agree to provide required back-up guarantees/JDU could not have been foreseen by NTPC/CEA/MOP.

NTPC has very well established project planning, engineering and implementation systems backed-up by computer based Integrated Project Management and Control Systems (IPCMS) which have helped NTPC to implement its projects without time and cost overruns.

Achieving the Budgeted Outlay

Against the BE 2002-03 of Rs. 3506 crore (RE 2002-03 of Rs. 2712 crore), the actual expenditure incurred during the year 2002-03, was Rs. 3515.48 crore. Thus there is no shortfall in budget utilization during 2002-03 *vis-a-vis* approved outlay.

During 2003-04, budget outlay of Rs. 4501 crore had been approved (against actual expenditure of Rs. 3515.48 crore during 2002-03). In addition to Talcher STPP, Stage-II (2000 MW), Rihand STPP, Stage-II (1000 MW), Ramagundam STPP Stage-III (500 MW) and Koldam HPP (800 MW) which were under implementation last year, Vindhyachal STPP Stage-II (1000 MW) and Kahalgaon STPP, Stage-II, Phase-I (1000 MW) have taken off during the last 6-7 months. Further, negotiations are in advanced stage for Unchahar Stage-III (210 MW); Main Plant bids have been opened for Kahalgaon Stage-II, Phase-II, (500 MW) and for Sipat Stage-II (1000 MW) from 22 to 25 September, 2003.

Keeping in view the progress of on-going projects as well as anticipation of main plant awards for aforesaid new projects, Budget outlay of Rs. 4501 crore for 2003-04 is likely to be fully utilized.

[Minister of Power O.M. No. 3/1/2003-In-I dated: 13.11.2003]

Recommendation (Sl. Nos. 16 and 17, Para Nos. 2.73 and 2.74)

The Committee are also unhappy to note that in spite of various steps the Government/NTPC have taken to recover the arrears from power utilities as well as the State Electricity Boards/Electricity Departments, the outstanding dues as on 31.1.2003 have increased to Rs. 26084.60 crore (Principal Rs. 16290.58 crore and surcharge Rs. 9794.02 crore) from Rs. 22997.28 crore (Principal Rs. 14242.03 crore and surcharge Rs. 8755.22 crore) on 31.3.2002 and Rs. 16063.49 crore (Principal Rs. 9800.65 crore and surcharge Rs. 6262.84 crore) as on 31.3.2001. The Committee observe that 24 State Governments have so far accepted the scheme which provides for securitisation of dues (after 60% waiver of surcharge) against energy supplied upto 30.9.2001 in the form of 15 years 8.5% tax free bonds to be issued by the State Govts. to CPSUs. For ensuring full payment of current dues, the Scheme stipulates opening of Letter of Credit equivalent to 105% of the average monthly billing of proceedings 12 months with six monthly adjustments. In case the dues remain unpaid for more than 90 days, such outstanding dues would be recovered the State's account maintained with RBI for which a Tripartite Agreement is required to be signed among the State Government, Government of India and RBI. However, the resultant outcome is yet to be achieved. The Committee, therefore, recommend that besides the tripartite agreement the Government should help NTPC by way of Central Appropriations out of Central Plan Assistance to States to help in recovery of outstanding dues of NTPC against various defaulting SEBs, regulation of power supplies, etc. The Committee also feel that take over of power stations from SEBs is also a good steps to recover the outstanding dues and would like to know the details of other power stations being selected and offered to NTPC against their outstanding dues. Taking note of the various steps taken so far by the Government/ NTPC to recover the outstanding dues, the Committee would like to be apprised of the reasons for continuous increase in the outstanding dues including principal amount and the time by which all these dues are targeted to be neutralized.

The Committee appreciate the Government's decision to securitise the dues of power PSUs. At the same time, the Committee recommend that steps should be taken to recover the dues in a time bound manner. There is also a need to monitor the working of SEBs closely so that they generate enough resources for their on-going and future power projects.

Reply of the Government

The scheme for one time settlement of outstanding dues payable by SEBs to the CPSUs was announced on 17.04.2002. Under this scheme a tripartite agreement (TPA) was to be entered into by the Government of India, Reserve Bank of India (RBI) and the State Government concerned. Getting all the 28 State Governments sign the TPA and working out the procedure with the Ministry of Finance and the RBI to operationalise the scheme took time. Finally, 27 State Governments have issued special power bonds amounting to Rs. 28983.8540 crore in two batches—the first on 01.09.2003 by 17 States Governments for Rs. 21211.4960 crore and the second on 30.09.2003 by 10 State Governments for Rs. 7772.3580 crore. The Government of Jharkhand did not notify issue of power bonds within the target date fixed by RBI. RBI has been informally been requested to allow 15 days' time to allow Government of Jharkhand also to securitise its outstanding dues. Thus, with the issue of power bonds, the outstanding dues payable by the SEBs to the CPSUs as on 30.09.2001 stand securitised except that of Government of Jharkhand.

The TPA also provide for regular payment of current dues by means of opening of letter of credit equal to 105% of the average monthly billing for the preceding 12 months or establish any other security mechanism that is mutually acceptable to the contracting parties. Improvement in current cash realisations have been reported by CPSUs like NTPC up to 98.20% of its April-July, 2003 billing from 76.70% of its 2001-02 billing; Powergrid up to 99% of its April-July, 2003 billing from 80.19% of its 2001-02 billing; NHPC up to 97.51% of its April-July, 2003 billing from 72.50% of its 2001-02 billing.

[Ministry of Power O.M. No. 8/10/2003-Fin. dated: 13.11.2003]

Recommendation (Sl.No. 27, Para No. 2.130)

The Committee have observed that the Accelerated Power Development and Reforms Programmes (APDRP) have two components. 50% of the funding goes as an incentive if any SEB is able to reduce its cash losses compared to the base year 2000-01. The remaining component is for investment in the Distribution sector, for example, metering upto 11kV level, energy audits and strengthening of the distribution network. The Committee further note that out of Rs. 1750 crore (50% of the APDRP funds for the current year), Rs. 1087.59 crore already stands released. Provision for 2003-04 has been kept at Rs. 3500.00 crore. The Committee find that as per the recommendation made by the expert Committee on State specific reforms, certain changes have been effected in APDRP scheme. Assistance under this scheme should be leveraged by obtaining a matching contribution from the State. In other words, while the fund under APDRP provide 50% of the funds required for a project, the balance 50% funds of the project requirement should be raised by the State and disbursal takes place after the projects are financially closed. Further, the APDRP has also an incentive component to encourage/ motivate utilities to reduce their cash losses. The funds under the incentive scheme are to be disbursed as a one-for-two matching grant based on reduction of the gap between unit cost of supply and revenue realization. The Committee desire that all the recommendations of the expert Committee be implemented by the State Governments at the earliest to get benefits under APDRP Programme. The Committee also desire that efforts should be made to complete the 63 circles identified as 'Centres of Excellence' at the earliest and hope that the task of covering all the circles in the country will be expeditiously completed. The Committee also desire that the Central and State Governments should take necessary steps to ensure 100% electrification in and around the 'Centre of Excellence' identified circles.

Reply of the Government

The Committee have raised the following concerns:

a. assistance under this scheme should be leveraged by obtaining a matching contribution from the State;

b. all the recommendations of the Expert Committee be implemented by the State Governments at the earliest to get benefits under APDRP;

c. efforts be made to complete the 63 circles identified as 'Centre of Excellence' expeditiously;

d. the central and State Governments should take necessary steps to ensure 100% electrification in and around the 'Centre of Excellence' identified circles.

As regards the recommendation of the Committee at (a) above, it is stated that under APDRP, funds are provided through a combination of grant and loans to the State Governments as additional Central Plan Assistance. APDRP finances 100% of the project cost in Special Category States (all North Eastern States, Sikkim, Uttaranchal, Himachal Pradesh and J&K) in the ratio of 90% grant and 10% soft loan. In respect of other States (Non Special Category), APDRP finances 50% of the project cost and the ratio of grant and loan will be 1:1. SEBs/Utilities have to arrange remaining 50% of the fund from PFC/REC or other financial institutions as counter part fund. Those SEBs/Utilities who do not want to take loan from the financial institutions, can arrange the matching contribution from their own resources. Funds under APDRP are released after tie-up of matching contribution is made by the SEB/Utility concerned.

As regards the recommendation of the Committee at (b) above, the Ministry of Power has requested the Energy/Power Secretaries of all the States on 21.1.2003 to implement the recommendations of the Expert Committee, particularly those relating to the reforms framework and the board principles of financial restructuring.

As regards the recommendation of the Committee at (c) above, it is stated that 63 circles were identified during 2000-01 for implementation of sub-transmission and distribution system under the APDP scheme. Projects worth Rs. 6575 Crores have been sanctioned for strengthening and upgradation of sub-transmission and distribution network in these circles till date. The work is under progress. Government of India has so far released Rs. 1251 crore for implementation of these projects and SEBs/Utilities have utilised Rs. 1597 crore including their matching contribution so far.

As regards the recommendation of the Committee at (d) above, it is stated that all the State Governments have been requested to accord top priority to completion of projects approved under APDRP and take necessary steps to ensure 100% electrification in and around the 63 circles. The Adviser-cum-Consultants have also been requested to scrupulously monitor the projects.

[Ministry of Power O.M. No. 5/1/2002-APDRP (Pt.) dated: 13.11.2003]

Recommendation (Sl.No. 28, Para No. 2.131)

The Committee have been informed that there had been differences in emphasis between the Ministry of Power and Ministry of Finance on the ultimate objectives of the APDP, the predecessor of the APDRP. In the first year of the APDP scheme, *i.e.* 2000-2001, Rs. 934.55 crores were released by the Ministry of Finance against the budget availability of Rs. 1000 crore for that year. This was done on the basis of Memoranda of Understanding reached between the Ministry of Power and the respective State Governments. According to the guidelines finalized by the Ministry of Power in consultation with the Ministry of Finance and the Planning Commission further funds were to be released on the basis of utilization certificates. The guidelines further stipulated that the State Governments set apart separate account to which releases from APDP made by Government of India would flow and that such funds should be released within seven days to the implementing agencies for the works envisaged in the APDP scheme. Although, the Committee appreciate that the guidelines do exist for releasing of funds within seven days to the implementing agencies, the Committee are perturbed to note that by January, 2002 most States had not transferred APDP funds to the SEBs and power utilities nor a single Utilisation Certificate was received by the Ministry of Power on the basis of which any further release could be agreed to by the Ministry of Finance. Thus, in the year 2001-2002, leaving aside Rs. 43.50 crores to West Bengal on the basis of the MoU that they had entered into, no amount could be released to any State. In view of the fact brought to the notice of the Committee, they would like to know whether any such violation of the scheme has been reported to the Ministry of Power or the Ministry, *suo-moto* have examined the issue. The Committee would like to be apprised in the matter. The Committee also feel that the conditions laid down by the expert Committee to ensure proper utilization of funds should be strictly followed.

Reply of the Government

The Committee have raised the following concerns:

a. non-transfer of APDRP funds by the State Governments to the SEBs and Power Utilities resulting into non-receipt of Utilisation Certificates and consequently no release of funds for the year 2001-2002;

b. the funds released under APDP for 2000-2001 were not transferred to the SEBs/Utilities by most of the States/upto January, 2002, in spite of a provision for transfer of funds within seven days. Details of the violations made by the State Governments in this regard may be indicated;

c. fulfillment of conditions laid by Expert Committee.

As regards (a) above, it is stated that after release of funds during 2000-01, the States were asked to commit certain reforms to be carried out in the State power sector and show improvement on agreed benchmark parameters through the instrument of Memorandum of Agreement (MoA). The States were asked to submit Detailed Project Reports (DPRs) as per the guidelines issued by the Ministry and also ensure that Utilities sign MoA. Funds could not be released in 2001-02 as the formalities were not completed in time. Considering ground work had to be done in order to fulfill the minimum conditionalities, of signing the MoAs and submit proposals with Detailed Project Reports.

Projects proposed by States, which signed MoAs during 2002-03 and submitted DPRs were sanctioned progressively in July 2002, September, 2002, November 2002, and May 2003. The Ministry of Finance was requested to release first tranche of funds amounting to 25% of the sanctioned project cost for each States. Funds amounting to Rs. 2134.78 crores were released in three instalments *i.e.* Rs. 425.94 crores, Rs. 661.65 crores and 1047.191 crores in April 2002, January 2003 and March 2003 respectively.

As regards (b) above, it is stated that no violation has been reported so far but it has come to the notice of the Ministry that Jharkhand has not transferred funds to the SEB. It is proposed to adjust funds lying with the State Government against their entitlement for 2003-04.

As regards (c) above, all the State Governments have been requested to implement the recommendations of the Expert Committee.

[Minister of Power F.No. No. 5/1/2002-APDRP (Pt.)
dated: 13.11.2003]

Reply of the Ministry of Finance

The release of funds during the year 2000-01 was made as per the recommendations of the Ministry of Power to those States which enter into an MoA with Ministry of Power for implementation of the Scheme. The Ministry of Power had recommended the release of Rs. 1285.55 crores to the States under APDP Scheme during February, 2002. The Ministry of Finance had earlier in July, 2001, September 2001 & November, 2001 had written to the Ministry of Power at Secretary and Minister level stating that further release of funds would be after the review of the performance of the States in the scheme through the utilization certificate received. The RE was also reduced Rs. 450 crores as by February, 2002 only Rs. 43.41 crores has been disbursed out of the BE provisions. The Ministry of Power was informed *vide* letter No. 41(4)/PF-1/2001 dated 28th March, 2002 of the FM that the recommendations received from the Ministry for Power of further releases were not in tune with the guidelines of the scheme.

[Ministry of Finance O.M. No. 17/3/2003-Inf. dated: 7.8.2003]

Recommendation (Sl. No. 29, Para No. 2.132)

On being apprised by the Ministry of Finance that to date Ministry of Power have neither been able to give a comprehensive list of cash improvements in their operations. SEB-wise to the Ministry of Finance, nor has the Ministry of Power requested Ministry of Finance to sanction any payments out of the incentive portion of APDRP funds, the Committee are not satisfied with the present system of allocation of funds to the State Government directly under APDRP. The Committee, therefore, strongly urged the Government to reconsider the sanction/ disbursal of funds under APDRP to State Governments and stressed that the funds should directly be released to implementing agencies for both the incentive and investment portion of APDRP funds.

Reply of the Government

The Committee have raised the concern of releasing funds directly to the State Governments and have recommended that funds be released directly to the implementing agencies for both the incentive and investment portion of APDRP funds. In this connection; it is stated that funds released under APDRP are of the nature of additional central assistance over an above the normal central plan allocation and are released directly to the State Government concerned by the Ministry of Finance. However, all the State Governments had already advised that funds could be released directly to the project authorities to facilitate early execution and completion of projects, if the State Government concerned so recommends on a case to case basis. The recommendations of the Committee have been circulated to all the State Governments reiterating the provision for release of funds directly to the implementing agencies as mentioned above. Therefore, the Ministry of Power will advise the Ministry of Finance to release funds directly to the project authority concerned, if recommendation of the State Government concerned are received in this regard.

[Minister of Power F.No. No. 5/1/2002-APDRP (Pt.)
dated: 13.11.2003]

Reply of the Ministry of Finance

During the year 2003-04 a sum of Rs. 830.34 crore has been released to Govt. of Gujarat, Maharashtra and Haryana out of the incentive component of the APDRP Scheme for the reduction in cash loss, as per the recommendations of the Ministry of Power. As per the existing policy of release of funds are to be released to the implementing agencies only through the State Government.

[Ministry of Finance O.M. No. 17.3.2003-Inf. dated: 7.8.2003]

Comments of the Committee

(Please *see* Para 48 of Chapter I of the Report)

Recommendation (Sl.No. 30, Para No. 2.140)

The Committee note that gas is supplied to different segments of economy *i.e.* textiles, fertilizers, power and other sector as per allocation policy. However, supply of gas to power sector is not a priority area. The Committee have further observed that new allocations are being made without fulfilling the requirement of the existing consumers, which results in under-utilisation of the existing installed capacity. The Committee do not approve of not according priority sector status to power sector and starving the existing consumers/utilities of power supply. The Committee are of the view that since power is critical infrastructure for economic development and mother of all industries, there is no justifiable argument/reason, in denying priority status to sector. Further, since there is shortage of power-peaking & non-peaking, steps ought to be taken to meet the power requirement of the masses. The Committee desire that while allocating supply to different sectors of the economy top-most preference should be given to power sector so as to make other sectors get going. Further, the gas requirements as per the firm allocation for the existing consumers should be fully met first, before making allocation to new consumers. The Committee also desire that Government should make use of new gas finds—both in public and private sectors, in augmenting the supply of gas to various sectors, including power. The Committee also recommend that Government should explore the possibilities of sourcing gas from neighbouring countries like Bangladesh and other sectors for use in power.

Reply of the Government

The Ministry of Petroleum & Natural Gas have informed that the gas allocations are made by the Government on the recommendation of an Inter-Ministerial Committee, namely, Gas Linkage Committee (GLC), consisting of representatives of Planning Commission, Ministry of Power, Department of Fertilisers, Ministry of Steel and others concerned. Of the total allocation of around 119 MMSCMD, 44% allocation is for the power sector. As against the above allocations, the total availability of gas is around 67 MMSCMD. Of this, around 44% gas is supplied to power sector alone, whereas, the combined, supply to power and fertilizer sectors is around 78%. About 8% of the available gas is consumed by GAIL for internal use, *i.e.* extraction of C2, C3 and C4 fractions and use in gas compressors. Around 5.5% is supplied for transport sector and industries in the Taj Trapezium Zone as per the directions of Supreme Court of India. Remaining 8.5% is supplied to some sponge iron consumers, a large number of small consumers in the glass and ceramic industries, etc. From the above, it is clear that distinct priority is accorded in the allocation and supply to the power sector.

The gap between the allocation and the supply is on account of various reasons, e.g. bulk of the allocation was made prior to 1990 after taking into account the possibility of some of the gas based plants not materializing due to various factors, the gas availability profiles of ONGC underwent to downward revision compared to the earlier projections, etc.

As per gas availability projections of ONGC for existing fields, the same is not likely to improve in near future. In view of this. Government has almost stopped fresh allocation of gas to large projects. Presently, only some gas allocations are considered in cases of availability indicated by ONGC from isolated or marginal fields. Since, the gas availability in such cases is only for a short period the allocations are also made on fallback basis (interruptible basis).

In order to meet the large gap between the demand and supply of gas, MOP&NG has adopted a multi-pronged strategy for augmenting as supplies. Major policy initiatives include:—

(a) Intensification in the exploration through New Exploration licensing Policy (NELP) bidding rounds.

(b) Intensification in exploitation of Coal Bed Methane resources through competitive bidding rounds.

(c) Encouraging development of projects to import LNG as well as pipeline gas.

(d) Bilateral initiatives for LNG import and for transnational gas pipelines.

All such additional gas from various new sources will be available at market determined prices.

[Ministry of Power O.M. No. PS-18/2003-IPC dated: 13.11.2003]

Recommendation (Sl.No. 31, Para No. 2.141)

The Committee find that in accordance with liquid fuel policy, Government allowed use of natural gas, as feedstock for power sector. The policy aimed at setting up of short gestation power projects, to meet immediate shortage of power. The gas based power stations were installed by incurring huge expenditure. Sadly, ONGC/GAIL failed to supply contracted quantity of gas to most of gas-based power stations, resulting in poor Plant Load Factor (PLF) and thereby chronic shortage of power. The Government of Delhi and Gujarat have pleaded allocation of gas to the States to run the existing power plants. The Committee, see merit in their contention and desire that the Government should not only supply contracted quality of gas, but also enhance the gas supply to meet the power requirements.

Reply of the Government

The Ministry of Petroleum & Natural Gas have informed that the total availability of natural gas from ONGC and OIL is limited to around 67 MMSCMD, whereas the demand is much more. Therefore, all allocations are on "as available" basis and all the consumers are contractually required to have a 'dual fuel facility' so that even when the availability of gas is less they may run their operations. However, Government is taking several initiatives to increase the availability of natural gas so that the full requirement of power, fertilizer and other sectors may be met. In this regard, it may be stated that re-gassified LNG from Petronet LNG Limited's, Dahej Terminal, will be available from first quarter of 2004.

[Ministry of Power O.M. No. PS-18/2003-IPC dated: 13.11.2003]

CHAPTER III

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

Recommendation (Sl.No. 5, Para No. 2.34)

The Committee are concerned to note that Dabhol Power Project in which huge investment was made by Indian Financial Institutions, is not generating electricity and lying idle. The Committee desire that Government should take concrete result-oriented steps to revitalize the power station, so as to make the project viable, thereby augmenting capacity addition during 10th Plan period. Accordingly, DPC Phase-I should be restarted and Phase-II be operationalize at the earliest.

Reply of the Government

Though the Dabhol Project is essentially a State Sector power project, Government of India is keen that it should be re-started as quickly as possible considering the huge investments made and also the shortage of power faced by the State of Maharashtra in recent times. GOI has agreed to facilitate any amicable solution to facilitate early revival & restructuring of the Dabhol in a way that the concerns of the various stake holders, *i.e.* the existing equity holders, foreign and Indian lenders and the MSEB are met. Ministry of Power has offered the assistance of NTPC to act as the O&M contractor for restarting and running the plant pending settlement of various legal issues and induction of the new sponsor. Ministry of Finance has taken the lead in facilitating the restructuring process which includes restart of Phase-I and completion & operationalisation of Phase-II including the LNG facility.

The cooperation of GE and Bechtel, both US based companies having a 10% equity stake each in the project, is considered essential for the revival process. The Indian lenders led by IDBI, have proposed to bring in new sponsors of the project to replace Enron and have been in discussion with the various stake holders as well as the Government of India and Government of Maharashtra. The completion package also has to take into account a logical conclusion of all legal proceedings. Government of Maharashtra has allowed the MSEB to draw power at an optimum level of 83% of the base load capacity of Phase-I at a tariff of Rs. 2.80 per KWH on an intrim basis without prejudice to MSEB's GOMs rights and connections in the pending arbitration/judicial/MERC proceedings

[Ministry of Power O.M. No. PS-18/2003-IPC Dated: 13.11.2003]

Recommendation (Sl.No. 7, Para No. 2.42)

The Committee are happy to note that during the last 4 years of National Energy Conservation Award Scheme (*i.e.*, in 1999, 2000, 2001 & 2002), the industrial units have collectively saved 1855 million kWh of electrical energy, equivalent to the energy generated from a 357 MW thermal power station operation at a PLF of 60%. The participating units have also saved 6.8 lakh kiloliters of furnace oil, 14.98 lakh metric tones of coal and 42668 lakh cubic meter of gas per annum. In the monetary terms, these units have been able to save Rs. 1752.00 crore per annum with an average payback period of 20 months. Although the Committee are satisfied to note the ambitious plans for energy saving by the end of 10th Plan *i.e.* by 2006-07 whereby, the anticipated monetary benefits assessed are to the tune of Rs. 19,500.00 crore. The Committee are unable to understand the reasons as to why no budget allocation for the Bureau of Energy Efficiency during 2003-04 has been made against Rs. 51.21 crore at the RE stage during 2002-03. Taking note of the Action Plan for energy conservation including thrust areas like Indian Industry Programme for Energy Conservation (IIPEC), Demand Side Management (DSM), Standards & Labelling Programme, energy efficiency in buildings and establishments, energy conservation building codes, professional certification and acreditation formulation of manuals and codes, energy, efficiency policy research programme, school education and delivery mechanism for energy efficiency services, the Committee expect that more budgetary support should have given to BEE to achieve the various thrust areas of the Action Plan for Energy Conservation during 2003-04. The Committee would also like to know the details of the mechanism by which the Bureau of Energy Efficiency select Energy Service Companies who are willing to invest and recover the same through return as guaranteed performance of energy savings and desire that the selection procedure should be made transparent. The Committee feels that there is a greater need to bring about public awareness regarding energy efficiency measures of the Government which would be mandatory for the public after four years time.

Reply of the Government

Budget Allocation for the BEE

The Ministry of Power has released a corpus fund of Rs. 50.00 crores to the Bureau of Energy Efficiency (BEE) under the budget allocation for the year 2002-2003 as a Grants-in-Aid. BEE has been authorized to invest this corpus fund in such a way that it earns best returns. The interest income earned in the corpus fund would be utilized by the Bureau to meet the annual recurring/non-recurring expenditure covering project related activities, salaries and other administrative expenses. Since the activities during the year 2003-2004 were envisaged to be in the preliminary stage, the expenditure was likely to be met from the interest income of the corpus fund. As such, no additional budget provision for the Bureau of Energy Efficiency during the year 2003-04 was made.

Mechanism for Selection of Energy Service Companies

The Bureau of Energy Efficiency is promoting Performance Contracting and Energy Service Companies as mechanism for large scale adoption of energy efficiency services in the country. The Bureau would propagate the concept among energy users as well as potential service providers. The Bureau would give support in the development of different business models, risk allocation and contract models and disseminate them among users and also existing as well as potential service providers. The Government has announced that Energy Service Companies should be assigned the task of improving energy efficiency through Performance Contracting Route. The Bureau has accordingly prepared a draft Performance Contract for implementing Energy Efficiency measures in Central Government Buildings. The document includes bid Selection Criteria, Performance Monitoring and Verification protocol, Performance contract—guaranteed savings, Asset security, Payment security and Payment terms at the final stage of approval. A two-stage procedure will be adopted by the incharge of the government building in evaluating the proposals received from the various ESCOs:-

(i) a technical evaluation which will be carried out prior to opening any financial proposal;

(ii) a financial evaluation.

The bidder firms will be ranked using a technical score as under:-

(i) Technical Evaluation

The Evaluation Committee appointed by the incharge of Government building will carry out its evaluation applying the evaluation criteria and point system. Each responsive proposal will be evaluated a technical score taking into account the following:-

(a) ESCO relevant experience for the assignment — 5 to 10 marks

(b) Technical Approach & methodology — 20 to 25 marks

(c) Key personnel (this includes the general — 65 to 70 marks qualifications of each staff, and resources proposed for the assignment, general qualifications, adequacy for the project, previous maintenance experience, financial strength of the company, involvement in skills transfer programme & training ability)

Quality and competence of the ESCO Company shall be considered as the paramount requirement. The technical proposals scoring not less than 75% of the total points could only be considered for financial evaluation.

(ii) Financial Evaluation

The financial proposals would be the main criterian. The technical proposal is only for screening purposes. The net present worth of all energy savings and lower maintenance charges would be captured on two-time scale, *i.e.* during the contract period (5 years) and during the entire life cycle of a minimum cycle of 10 years of the project. The proposal shall be ranked on the following weightages:-

Net Present Value (NPV) during the contract period - 30 points

Net Present Value (NPV) during entire life cycle - 70 points

The ESCO with the maximum score would be the successful bidder. The procedure outlined above ensures transparency in the selection.

Public Awareness on Energy Efficiency

The Bureau of Energy Efficiency has already launched a programme for Energy Awareness among school children to bring about public awareness through medium of school going children in 30 schools in Delhi. The programme include sensitization of teachers and principals, development of course materials, awareness programme for the students and incorporation of energy efficiency related syllabus in the school curriculum.

The Bureau plan to encourage programme-specific awareness campaign. The awareness campaign would be integrated into the programme and will focus target groups in order to bring optimal results.

[Ministry of Power O.M. No. 10/1/2003-Fin dated: 13.11.2003]

Recommendation (Sl.No. 18, Para No. 2.76)

The Committee have observed that 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. Although, the Committee have earlier also recommended that Nabinagar which was identified for development as the first Mega Power Project (of 1000 MW capacity including development of associated coal mine) for implementation by Private Power Developer (IPP) should be taken up for implementation during 9th/10th Plan Periods, the Committee are optimistic that at least now, the project to be jointly undertaken by NTPC and the Ministry of Railways will see the light of the day. The Committee, however, would like to be apprised of the action taken by the Government of India for contributing equity for this project and Investment approval by PIB/CCEA. The Committee recommend the Government to provide necessary budgetary support to the project and take all possible steps with the State Government of Bihar to expedite the start of the project at the earliest. The Committee would like to know the action taken by the Government in this regard.

Reply of the Government

Nabinagar TPP (4x250 MW), Bihar-A Joint Venture of Railways and NTPC/MOP

In the meeting held between Hon'ble Ministers of Power and Railways on 7.2.2003, it was agreed that Nabinagar project (2x500 MW) would be developed as a Joint Venture between Railways and NTPC as a Captive Power Plant to meet Railways power requirement. Equity contribution by Railways and NTPC/MOP to be in ratio of 51:49. NTPC would provide consultancy services for carrying out the tendering activities for all packages including preparation of cost estimates, finalising of qualifying requirements, preparation of technical & numerical specifications till award of packages (pre-award activities), for carrying out detailed engineering as well as the review engineering and post-award activities, for project management during construction and commissioning of the project including monitoring and for commissioning activities and for operation and maintenance of the power plant on long terms basis (5 years to be extended on mutually agreed terms and conditions).

Subsequently, NTPC has obtained confirmation of land, water and coal availability for the project. Various site specific studies like EIA Study, Topographical Survey, Geo-technical Investigation and Seismic Study are in progress. Interim-Feasibility Report for 4x250 MW capacity project incorporating CEA's vetted Cost Estimates has been prepared and furnished to Railways on 25.06.03 for processing necessary approvals. NTPC has also prepared specifications/bid documents for Main Plant package for the project.

[Ministry of Power O.M. No. 3/1/2003-Th.I dated 13.11.2003]

Recommendation (Sl.No. 21, Para No. 2.93)

The Committee note that both Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) are developmental financial institutions in power sector financing similar schemes *i.e.* generation, transmission and system improvement schemes, etc. The Committee further find that the scope of REC has been expanded to provide financial assistance for projects in generation and transmission both in rural and urban area. Accelerated Generation and Supply Programme for funding R&M scheme will now be routed through PFC and REC. The Committee are of the opinion that to the extent possible, no two public institutions, should discharge the similar function. The Committee, therefore, feel that there is a need to study a possibility of merging these two PSUs. The Committee recommend that the Government should commission a study to evaluate the working of PFC and REC so that appropriate action of their merger or otherwise may be taken by the Government. The Committee would like to be apprised to the outcome of such study.

Reply of the Government

In a meeting of the Expert Group held on 6.12.2001 in the Planning Commission to discuss the recovery of dues of Rural Electrification Corporation (REC), Member (Energy), Planning Commission observed that as REC was now performing the role of inter-mediation only, the Ministry of Power may examine whether it needed two separate financial institutions in the Ministry, namely, the PFC and REC. Member (Energy) Planning Commission had expressed the view that the case for sector specific financial institutions was itself nebulous and there was no justification for sub-sectoral financial institutions.

However, the relevant role of PFC and REC as financial institutions in the power sector has been examined from time to time. While both institutions have the mandate to finance similar schemes viz. generation, transmission and system improvement but REC has been recognized as the only nodal agency at the Central level for financing rural electrification programme in the country. In view of the fact that the nation has set upon itself the task of achieving 100% village electrification by 2007 and household electrification by 2012 and still substantial work in the field of rural electrification remains to be completed, there is an imperative need to have a specific financial institution viz. REC to cater to the financial requirements of the State Govts. to achieve the national goal.

The main responsibility of Rural Electrification Corporation (REC) is that of rural electrification in the country. REC has been financing rural electrification programmes of the States including strengthening of the sub-transmission and distribution upto towns having population of less than one lakh population and small generation, especially renewables. The sector in which REC is engaged shows low returns and a longer pay back period. No budgetary support is available to REC for carrying out this activity. REC raises the required resources in the market through various instruments including infrastructure bonds. Its ability to service the funds it raised in the market will depend upon REC having a suitable portfolio in which besides rural electrification, projects with higher return need also to be included. In order to ensure suitable returns for REC, scope of REC was extended to provide for financial assistance for projects in generation, transmission and distribution, both in rural and urban areas. The rich experience of REC and its reach throughout the country makes it suitable even today for spearheading rural electrification programmes in the country, and as such its primary objective continues to be that of rural electrification whereas Power Finance Corporation will continue to concentrate on generation, transmission and distribution and in a small way try to provide for rural electrification. Since the nature and role of both the Corporations are highly divergent the merger of both the organisations may have an adverse impact on rural electrification and, therefore, it is the considered opinion of the Ministry that there is no need for merger of these two entities in the present context.

[Ministry of Power O.M. No. 32029/22/2003-PFC and O.M. No. 44/11/2002-DO(RE) dated: 13.11.2003]

Recommendation (Sl.No. 22, Para No. 2.102)

The Committee note that the plan allocation for the year 2001-02 at BE Stage was Rs. 211.72 crore, which includes Rs. 125.00 crore as net budgetary support and Rs. 86.72 crore as IEBR. Against this, the actual expenditure was Rs. 81.30 crore. The Committee are constrained to note the continuous reduction of plan outlays for NEEPCO during previous years. The IEBR component for NEEPCO during BE 2002-03 was Rs. 175.28 crore. This was revised to Rs. 111.19 crore at RE stage. The Committee find that against an allocation of Rs. 375.76 crore for the year 2002-03 at BE stage, a sum of Rs. 6.23 crore has been raised against IBER up to December, 2002. However, actual expenditure made for the Projects from April, 2002 to December, 2002 was Rs. 40.70 crore from the balance of fund available against previous year. The total outlay for the year 2002-03 has been revised to Rs. 105.57 crore, which comprises of Rs. 82.37 crore as NBS and Rs. 23.20 crore as IEBR. The Committee cannot but deplore the way the outlay had been reduced from Rs. 58.72 crore at BE stage to Rs. 20.00 crore at RE stage for Tuirial Hydro-Electric Project on account of delay in award of works. At the same time, the Committee would like to know the present status of Package-I and Package-II works of the Tuirial Project, which are now reported to be proceeding satisfactorily. The Committee would like to know the steps taken to ensure that Rs. 48 crore earmarked as IBER for this project during 2003-04 are achieved. The Committee would await similar information in regard to other ongoing projects such as Kopili H.E. Project and Kameng H.E. Project.

Reply of the Government

STATUS OF PROJECT

The Turial Hydro Electric Power Project (60 MW) in Mizoram was accorded investment approval in July, 1998 at the cost of Rs. 368.78 crores (including IDC of Rs. 21.03 crores at June, 1997 price level). The completed cost of the project is Rs. 448.19 crores at January, 1997 price level and the commissioning schedule of the project is July, 2006.

(a) Present Status of Package-I & Package-II of Tuirial H.E. Project

Sl. No.	Name of Items	Unit	Total Estimated Qty.	Total Cumulative Progress	Remarks
1	2	3	4	5	6
	Package-I (Civil works of Diversion Tunnel)				
	Work awarded to M/s Patel Engineering, Mumbai on 28th September, 2001				
(i)	Excavation	Cum	453000	363212	Work progressing satisfactorily. Over 300m of excavation & supporting of Diversion Tunnels completed.
(ii)	Boring of D/Ti/c gate shaft	Cum	133600	16783	
(iii)	Permanent steel rib structure	MT	360	114	
(iv)	Concreting	Cum	55000	2059	
(v)	Shotcreting in slope	Cum	2000	227	

1	2	3	4	5	6
(vi)	Shotcreting in underground works	Cum	9000	248	
(vii)	Rockbolting in slope protection	RM	13000	9497	
(viii)	Rockbolting in underground	RM	53000	1834	
PACKAGE-II (Civil works & Dam & Spillway)					
Work awarded to M/s Patel Engineering, Mumbai on 30th August, 2002					
(i)	Spillway excavation	Cum	1800000	996000	
(ii)	Slope protection works Rock bolt	RM	10500	1250	Work progressing satisfactorily.
	Cnchor bolt	Kg	112632	5350	
(iii)	Main Dam Excavation	Cum	440000	71600	

(b) Steps being taken to ensure that Rs. 48 crores earmarked as IEBR for this project during 2003-04 and spent are as follows:

Other than Package-IV (Hydro-mechnical works) presently subjudice, all packages have been awarded and are progressing well. Major works of all the packages will continue as per present pace of works, which has picked up substantially. Construction of road and building works are also being continued as per present pace of works. Major works contemplated to be completed during the year are as follow:

1. 1,20,000 cum boring of diversion tunnel.
2. 5,82,000 cum filling in main dam.
3. Completion of Power House Excavation.
4. 3,000 cum concreting in Power House.
5. 50% fabrication and transportation of intake gate & stoplog gates with hoist, trashrack complete.
6. Model testing & approval under LOT-V.

It is also anticipated that LOT-IV works will be awarded shortly for which is the matter is being pursued vigorously.

(c) **Present Status of Kopili H.E. Project, 2nd Stage**

All packages are in advanced stages of completion. The project is scheduled to be commissioned in 2003-04. Status of progress is as under:—

Sl. No.	Activity	Unit	Total Estimated Quantity	Total Cumulative Progress	Remarks
1	2	3	4	5	6
PACKAGE-I:	**(Excavation of power house, emptying and repair of existing tunnel, RCC lining of bye-pass tunnel, boring of high pressure tunnel and tailrace tunnel)**				
WORK ORDER ISSUED TO M/S GSJ ENVO LTD. ON 01.10.99					
1.	**EXCAVATION WORKS:**				
(i)	Power House & Tail Pool.	Cum	160000	160000	Completed
(ii)	WCS & Anchor Block	Cum	16500	16500	Completed
(iii)	TRS & cut and cover	Cum	118500	118200	99.74%
2.	**TUNNEL BORING WORKS:**				
(i)	AB in Bye Pass, B to B-III and B-III to PH	Cum	4825	4825	Completed
(ii)	Tail Race Tunnel	Cum	2360	2360	Completed
3.	**CONCRETING WORKS:**				
(i)	HRT (W.C.S.) & Penstock	Cum	3600	3311	92%
(ii)	TRT	Cum	1230	1211	Completed
(iii)	Anchor Block	Cum	1200	640	53.33%
(iv)	TRS and Cut & Cover	Cum	2900	2380	82.06%
4.	**PERMANENT STEEL SUPPORTS:**				
(i)	HRT & Penstock	MT	315	315	Completed
(ii)	TRT	MT	140	140	Completed
5.	**STEEL REINFORCEMENT:**				
(i)	Anchor Block & Portal-I Area	MT	50	27	54%

1	2	3	4	5	6
(ii)	TRS & cut and cover	MT	300	273	91%
6.	DRILLING & GROUTING:				
(i)	Drilling	Rm	2250	370	16.45%
(ii)	Grouting	Bags	16,700	15,585	93.32%

PACKAGE-II: (Procurement of BQ plates, fabrication & erection of steel liner, grouting in tunnel, concreting in power house, fabrication and erection of power house steel structure and other miscellaneous works.

WORK ORDER ISSUED TO M/S P. DAS & CO. ON 07.06.2000

1.	**FABRICATION:**				
(i)	Fabrication of PH steel structure	MT	920	913.326	99.27%
(ii)	Fabrication of steel liner	MT	680	680.279	96.80%
(iii)	Fabrication of D/T gate	No	2	2	Completed
2.	**ERECTION:**				
(i)	Erection of PH steel structure	MT	920	911.560	99.08%
(ii)	Erection of steel liner	MT	680	639.50	94.04%
(iii)	Erection of D/T gate	No	2	0	
3.	Concreting (M-20)	Cum	10762	10013	93.04%

PACKAGE-III (Supply and erection of EOT Crane, Turbine, Generator, Extension of Existing Switchyard)

(ELEC. WORKS)

1	2	3	4
1.	Ground mat power house area		Completed
2.	Manufacture, supply, erection & commissioning of EOT crane (100/25 T)	Job	Erection completed on 10.09.02
3.	Erection, testing, trial run and commissioning of 1x25 MW KHEP Stage-II	Job	1. Trial assembly of guide apparatus—In progress.

1	2	3	4
			2. Fitting, fixing & welding of outlet pipe with dismantling joint of MIV—Completed.
			3. Fitting & fixing of inlet pipe of MIV—Completed.
			4. Laying of cooling water pipe line—In progress.
			5. HV test & impedance test of individual pole—Completed.
			6. Rotor assembly (Rim building, wound pole mounting & pole to pole connection)—Completed.
			7. Stator & bottom bracket sole plate levelling & fixing—In progress.
4.	Switchyard	Job	Work order placed to M/s PSC Engineering on 19.09.2002. Work is in progress.

(d) PRESENT STATUS OF KAMENG H.E. PROJECT

Sl. No.	Name of Items	Unit	Total Estimated Quantity	Total Cumulative Progress	Remarks
1	2	3	4	5	6
1.	Topographical Survey				
a.	Tenga-Kimi tunnel alignment	—	LS	100%	
b.	Bichom-Tenga link tunnel alignment	—	LS	100%	
c.	Contour survey of submergence area of Tenga reservoir	—	LS	Work in Progress	
d.	Detail survey of Kimi PH area	—	LS	Work started	Site has been changed and identified. Detail survey will be taken up after final site selection.

1	2	3	4	5	6
e.	Cross section of Kameng river	—	LS	Yet to start	Survey team reported at site. Survey is being started shortly.
f.	Cross section of Bichom river	—	LS	Completed	Preparation of cross section & plan completed.
2.	**Seismic and resistivity test**				
a.	Design seismic co-efficient of various structures	—	LS	100%	
b.	Reservoir induced seismicity	—	LS	Work started	Collection of field data is in progress.
3.	Hydro-mechanical observations	—	LS	Work in progress	
4.	Collection of site data & its analysis	—	LS	Work in progress	
5.	**Geological exploration**				
(i)	Drifting	—	LS	Bichom completed.	
(ii)	a. Drifting at Bichom area.	—	LS	900.70 m	Completed
	b. Drifting at Tenga dam site area	—	LS	60 m	Work in progress
6.	**Construction material survey**				
	Identification of quarry for construction material & testing.	—	LS	Completed	
7.	**Road communication**				
a.	Improvement of Khupi-Kimi Road	Km	28.00	Formation—23.20 km. Surfacing—17.23 km. Blacktopping—2.0 km.	Work entrusted to BRTF Road is expected to be jeepable shortly.
b.	Improvement of Khupi-Tenga road	Km	18.00	Formation—14.80 km. Surfacing—9.83 km.	Work entrusted to BRTF Road is expected to be jeepable shortly.
c.	Construction of Pinjoli-Kimi	Km	25.00		Reconnaissance survey by BRTF completed. As BRTF has expressed their inability to take up this work, the work is being carried out by NEEPCO through contractor.
d.	Construction of Tenga-Bichom road	Km	34.00		Reconnaissance survey by BRTF completed. Decision on taking up of this road will be taken up shortly.

1	2	3	4	5	6
8.	Hostel type semi-permanent building.				
(i)	At Khupi area				
a.	Jr. Executive hostel	Nos.	2	96%	Work in progress
b.	Site camp			55%	Work in progress
(ii)	At Bichom Area				
a.	Sr. Executive hostel				
b.	Jr. Executive hostel	Nos.	3	LOI Issued	
c.	Staff Hostel				

Name of Project, Capacity & Location	Latest Cost (Rs. in Crs.)	Funding Agency	Date of Commissioning	Present Status (as on March 2003)
				280 MW. Pre- PIB meeting is scheduled for 20th June, 2003.

(b) PRESENT STATUS OF TIPAIMUKH H.E. PROJECT (1500 MW)

* **Status of MoU and NOC from State Governments**
  * MoU with Govt. of Manipur signed on 9th January 2003.
  * NOC from the Govt. of Assam obtained in July 2002.
  * NOC from the Govt. of Mizoram obtained in August 2001.
* **Status of various clearances**
  * 1st stage site clearance from MOE&F obtained in May 2002.
  * Section 18A of the Electricity (Supply) Act issued in Jan., 2003.
  * CEA considered the proposal for accord of TEC on 9th January 2003. Techno-Economic Appraisal found to be in order and conveyed by CEA on 20th January 2003.
  * Gazette Notification under Section 29(2) of the Electricity (Supply) Act, 1948 published in Manipur Gazette on 20th January 2003. 35 representations of minor nature have

been received through the State Government which also have been replied through the State Government. There is no financial implication on the project cost on account of these representations.

- Gazette Notification under Section 29(2) of the Electricity (Supply) Act, 1948 published in Mizoram Gazette on 10th March, 2003 and no representations have been received within the statutory 60 days by NEEPCO through the State Government. Few representations received directly are of minor nature which do not have any financial implication on the project cost parameters.
- CEA is being persued for early accord of TEC.
- Funding of the project : Letter of comfort from PFC obtained.
- Pre-PIB held on 17th February 2003.

* **Sale of Power**
  - Letter of comfort obtained from PTC.
* **Further Steps**
  - TEC by CEA
  - Pre-PIB/PIB.
  - Environment and Forest clearance. Work for EIA and EMP studies have been awarded and the same is under progress, after which formal application for obtaining E&F clearance from MOE&F will be submitted. 1st stage and 2nd stage site clearances obtained from MOE&F.
  - CCEA.

Note: Parallel activity for preparation of tender documents for short-listing on prospective bidders have already been taken up.

[Ministry of Power O.M. No. 14/4/2002-H-II dated: 13.11.2003]

Recommendation (Sl.No. 25, Para No. 2.105)

The Committee also urge the Government/NEEPCO to take all possible measures so that targeted IEBR/NBS for various projects *viz.* Tuirial H.E., Kopili H.E. and Kameng. H.E. be fully expended during 2003-04. The Committee would like to be apprised of the action taken in this regard.

Reply of the Government

Already replied under para 2.102 and 2.103 above. All out efforts are being made to achieve the targets planned for the year 2003-2004 in respect of Tuirial H.E. Project. Kopili H.E. Project-2nd Stage & Kameng H.E. Project and utilization of fund thereof.

[Ministry of Power O.M. No. 14/4/2002-H-II dated: 13.11.2003]

Recommendation (Sl.No. 32 and 33, Para No. 2.142 & 2.143)

The Committee find that Government intend to raise the price of gas being used as feedstock in thermal plants. In the opinion of the Committee this move of the Government will increase the delivered cost of power which is still on the high side as compared to world scenario. The Committee further find that presently the price of domestic natural gas in India is fixed at 75% parity to a basket of fuel oils with a floor of Rs. 2150 per MCM and ceiling of Rs. 2850 per MCM. Accordingly, the total delivery price to power plants ranges anywhere from Rs. 4700 to Rs. 5400 per MCM based upon which the fuel costs of generation presently ranges from about Rs. 0.90 per kilowatt hour to Rs. 1.06 per kilowatt hour depending upon the location of the power plant.

The Committee further note that the pricing of gas is an extremely sensitive subject as any increase would directly get reflected in increase in price of power which would have to be recovered from the consumers through revision of tariffs. The Committee do not share the contention of the Government that there is a need to increase the price of gas, since the existing prices in India are comparable to the well head prices in most of the developed countries. Further, the existing gas prices in India fully cover the cost of gas production from ONGC/OIL. Moreover, pegging of price of produced natural gas to the international prices of a basket of fuel oils is also not logical since these are two separate commodities. In this context, the Committee would like to remind that gas production in India was by and large in 50:50 ratio as associated gas and free gas (present 30:70). The gas based infrastructure (power plants) were accordingly created by the utility sector also to utilize the associate gas which otherwise was being flared without yielding any revenue to the oil sector. Further, world wide there is no such practice of linking the price of gas to that of Fuel Oil. In the event of rise in price of gas the power sector will financially suffer in more than one way which will get reflected in all other sectors of the economy. Once the ceiling limits are withdrawn and the price of gas fixed at 100% parity of fuel oil, the variable cost of generation may increase steeply. Considering the existing basket price of fuel oils, the price of gas is likely to become almost double from its existing level. Increase in cost of fuel per unit generation will reduce in scheduling given for generation under merit order operation. This *inter-alia* will cause reduction in PLF and consumer will land up paying higher costs without drawing the power. Since PLF is going down, the power sector will have to pay for gas as committed under the take or pay clause even without its consumption thereby incurring huge losses. Even fixed charges per KHz will also increase due to lower off-take of power, thus increasing the power cost both on account of fuel price as well as fixed charges per KHz. In view of the foregoing the Committee recommend that the concept of linking the price of natural gas to the basket of fuel oils lacks logic and therefore should not be insisted upon. The price of gas should be such that gas producers get compensated for the cost of production and earn a reasonable return on capital employed. Further, appropriate protection should be given to existing consumers who have already made huge investments in establishing their infrastructure. The Committee, therefore, recommend that Government should not increase the price of gas, as it will have a cascading effect on the whole economy of the country. The Committee would like to know the reaction of the Government in the matter.

Reply of the Government

The Ministry of Petroleum & Natural Gas have informed that the natural gas prices were last revised in September 1997 linking them to a basket of International fuel oils, and the linkage was to progressively increase to 55%, 65% & 75% in 1997-98, 1998-99 & 1999-2000 respectively. The prices were to be reviewed before the end of the third year with a view to achieve 100% parity with International fuel oils by the end of the fifth year *i.e.* 2001-02. However, the prices could not be revised.

The natural gas producing companies, mainly ONGC and OIL have been repeatedly representing to the Government that the cost of production of gas is much higher than the present realization as producer price under the administered gas price regime. These companies have also represented that whereas the Joint Venture Companies in India are getting market driven price, which is linked to FO price, the same is not available to them, denying them a level playing field. At the same time, the Ministry of Power and the Department of Fertilizer and some State Governments have not been in favour of increase in gas price.

On consideration, the Government referred the matter to a Group of Ministers (GoM) under the Chairmanship of Deputy Chairman, Planning Commission. The other members of GoM were the Minister of Petroleum & Natural Gas, Minister of Power, Minister of Chemicals & Fertilizers and the Minister of Development of North Eastern Region. The GoM has since submitted its recommendations and the Government will take a decision in this regard taking into account the views of various stake holders.

[Ministry of Power O.M. No. PS-18/2003-IPC date: 13.11.2003]

Recommendation (Sl.No. 36, Para No. 2.163)

The Committee find that the customs duty on import of critical spare parts for gas turbines used in power plants is as high as 50.80%. Taking into consideration that indigenous facilities and capability for manufacture of spares for gas turbines (which have been mostly imported for only partly manufactured in some cases based on imported technology) are yet to be developed the Committee find the likely introduction of the supercritical technology in the near future, import of spares for steam boilers and turbines would also be necessitated. As on today, considering the volume of business the investment required, indigenous manufacturer is reluctant to develop facilities for the present. The power generating companies have, therefore, necessary to import these items to keep running their plants. However, the existing rates of customs duty leads to higher cost by imported spares to the power plants, which in turn would increase the running cost of power plants. The Committee have taken note of matter being taken up with the Ministry of Finance who have opined that the suggestion of Ministry cannot be accepted as it would adversely effect the power sector. The Committee are not inclined to accept the views of Ministry of Finance that the benefits have not been extended to spares imported for the existing power plants, as verification on day-to-day basis as of this nature as well as quantity of the spares imported for intended purposes would be difficult and cumbersome. Taking into consideration, the shortage of power, both peaking and non-peaking and also abnormal high cost of power to the consumers, the Committee are of the view that as the spare for such power plants normally imported by the end users *i.e.* the power generating companies, the existing duty structure (5% basic duty+16% CVD+4% SAD) as applicable for import on goods and for renovation and modernisation of power plants, be extended to spares required for operation and maintenance of power plants. In the opinion of the Committee, this will partly lower the running cost of power plants and may provide some relief to the consumers in terms of lower tariffs. The Committee also desire that the Ministry of Finance should devise a mechanism to ensure that the benefits of concessional customs duties for import of spare parts are availed of only by genuine power stations and the system is not misused by any agency or authority. At the same time, it should be ensured that benefits of reduction of duties are duly passed on to the consumers.

Reply of the Government

The proposal was included in the suggestions sent by the Ministry of Power to the Ministry of Finance when the latter invited suggestions for modifications in the duty/tax structure as part of the exercise to prepare Budget 2003-2004. This was not included in the final decision of the Ministry of Finance after over-all consideration. The Ministry of Power intends to take up the proposal again.

[Ministry of Power F.No. 3/10-2003-Fin dated 13.11.2003]

Reply of the Ministry of Finance

The proposal of the Ministry of Power for reducing customs duty on spares required for operation and maintenance of gas-based power plants was examined as part of the budget exercise for 2003-2004. The present customs duty concession is limited to new projects and for renovation and modernization of power plants. Similar benefit was not extended to spares in view of the indigenous angle as well as the administrative difficulty in verification, on day-to-day basis, of the nature and usage of the spares imported. The recommendation will be duly examined if the Ministry of Power furnishes as list of spares which do not have an indigenous angle.

2. However, the Customs and Central Excise Department does not have any mechanism to verify and ensure that the benefits of the reduction in customs or central excise duties are passed on to the consumers.

[Minister of Finance O.M. No. 17/3/2003-Inf. dated: 24.9.2003]

Recommendation (Sl.No. 37, Para No. 2.164)

The Committee find that interest cost on borrowing for power sector accounts 18% of the total cost of the delivered power. Further, whereas cost of generation, world-over is on the decline, the production cost of power in the country has sky-rocketed. It is interesting to note that the cost of power in the country has grown 10.8% annually *vis-a-vis* annual inflation rate of 8.8%, during the last 10 years. The Committee have also observed that a significant component of cost of power is fixed charges flowing out of capital cost and financing charges. For thermal projects it constitutes around 42% of the total cost and in case of hydro projects it is 90% of the total cost of power. Though fixed charges appear to be a controlled cost, its analysis shows that a good part of, it is arising out of various taxes and duties as embedded part of the fixed charge. In case of power generation projects in thermal and hydro sector, the contribution of duties and taxes to fixed charge works out to be around 23% and in case of transmission project it works out to be around 52%. A glance over tax and duty structure applicable to power sector prevailing in Asian Developing Countries reveals that whereas Bangladesh and Sri Lanka levy zero duty, Singapore 3%, South Korea 18%, Thailand 15%, the duty leviable in the country is as high as 23% to 52%. As such the cost of power in the country is one of the highest in the world and if the same trend continues, the power may become a thing of luxury. It is in this context, the Committee recommend that Ministry of Finance should find ways and means to rationalize duties and taxes on power industry equipments and spares for reducing cost of power. The Committee also desire that the power sector PSUs, should retire the debt which had been obtained on a very high cost and access national/international markets for obtaining loans on cheaper rates. The Committee note that investments in power sector for accessing tax free bonds, is available under Income Tax Act u/s 10(15) in a limited manner, out of allocation made by Ministry of Finance in consultation with Planning Commission. The Committee desire that in order to reduce the cost of borrowings, Government should permit investment in free power bonds for all the investors.

Reply of the Government

1. Ministry of Power had taken up the issue of rationalization of Taxes/Duties with the Ministry of Finance during pre-Budget discussions. The Ministry of Finance had agreed to two proposals to this effect. They are:

(a) Liberalisation of Mega Power Policy to include all projects which are more than 500 MW (Hydro) and 1000 MW (Thermal) and are inter-state. In doing so, all the project imports will be free of duty. Recently Ministry of Power has initiated steps to reduce the limit to 250 MW.

(b) The High voltage Transmission Equipments have been placed under Concessional duty Structure of 5% (BCD) + 16% (CVD) (21.5%) as against 51% earlier, making them at par with generation projects.

2. Ministry of Power had asked Central Power Sector Undertakings under this Ministry to retire high cost debt. As a result, the following debts have been pre-paid by various CPSUs resulting in savings as indicated below:—

Name of the Corpn.	Amount pre-paid (Rs. in crores)	Savings on interest payment (Rs. in crores)
NTPC		
GOI Loan	1988.82	528.08
Foreign Currency Loan	US$ 120 million	US$ 8.42
NHPC	954.95	179.36
THDC	NIL	NIL
NEEPCO	539.00	230.70
POWERGRID	2071.00	587.27
DVC	132.51	54.73
SJVN	1537.90	100.00
PTC	NIL	NIL
PFC	513.00	41.00
REC	3909.63	1775.00

3. Ministry of Power made a request to Department of Economic Affairs to allow tax-free borrowings to the sector by suitable amendment to Section 10(15) of IT Act. This matter was, however, not included in the Union Budget for 2003-04.

[Ministry of Power O.M. NO. 8/10/2003-Fin Dated: 13.11.2003]

Reply of the Ministry of Finance

As regards customs duties, the benefit of duty exemption on specified mega power projects has been extended as part of budget 2003-2004, to all power projects which fulfill the general condition of being a mega power project. The customs duty on specified equipment for high power transmission projects has also been reduced from 25% to 5% in order to reduce the overall cost of such projects as well as to attract new investment in power transmission sector.

2. As regards tax-free bonds, the general policy of the Government is not to encourage tax-free instruments as forms of investment. However, in order to give incentive for investment in power sector some provisions are already available on the statute. Under Section 10(15)(iv)(h), any interest payable by any Public Sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may specify in this behalf, is exempt from tax. Thus, bonds or debentures, issued by Public Sector undertaking which is involved in power sector, and specified by the Central Government in this behalf, would carry tax-free interest. Investments in such bonds or debentures can be made by any investor.

[O.M. No. 17/3/2003-Inf. dated: 24.9.2003]

CHAPTER IV

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

Recommendation (Sl. No. 24, Para No. 2.104)

The Committee note that in the event of loading of security expenditure, diversion of national highway, flood moderation scheme on the project cost, the Tipaimukh Hydel Project become unviable. If such costs are excluded from project cost this will bring down tariff by 87 paise per kilowatt. (Security-35 paise, diversion of national highways-27 paise and flood moderation-25 paise). The Committee are of the view that no power project should be abandoned in North-East/J&K regions on the grounds of security. At the same time, the cost of security should not be loaded on project cost. Similarly, adequate provisions may be made in the budget of Department of North-Eastern region and Water Resources for funding flood moderation schemes. The Committee find that Ministry of Water Resources are operating a scheme for flood control in Brahmaputra and Barak valley under which grant is provided for undertaking works of flood control and moderation schemes. The Committee desire that funds should be provided in the budget for meeting expenditure on account of the flood moderation scheme on account of Tipaimukh hydel Project. The Committee also desire that the Government should make appropriate fund in the budget of Ministry of Surface Transport for meeting expenditure for diversion of national highways occurring as a result of this project.

Reply of the Government

The Hydro electric projects in North East and J&K are located in difficult areas requiring adequate arrangements of security both at the project site as well as at the project establishment. The responsibility to make security arrangements as per the agreements signed by the CPSUs with the State Government rests with the State. The State Govt. of Manipur has to provide adequate and full security to the project. In case adequate security is not provided, various stages of project implementation will be delayed, causing cost and time overrun and good contractors will not bid for the project. Therefore, it was *inter-alia*, decided in the meeting held on 2.12.2002 in the Ministry of Power that security issues be decided in consultation with the Ministry of Home Affairs and Govt. of Manipur to ensure that the security cost should not be loaded on the project cost.

In view of the above the Govt. of Manipur has been advised, *vide* this Ministry's D.O. letter dated 28.2.2003 to take up the matter with the Ministry of Home Affairs for their assistance in providing security around the Tipaimukh HE Project. Thereafter, Ministry of Power would also take up the issue with the Ministry of Home Affairs, if necessary.

The recommendations of the Committee have also been forwarded to Ministry of Water Resources, Brahmaputra Board, Ministry of Surface Transport and Development of North Eastern Region for taking appropriate action for making provisions in their budgets for flood control, for meeting expenditure for diversion of National Highways occurring as a result of implementation of Tipaimukh Hydel Project scheme.

Ministry of Water Resources have informed that the funds as envisaged in the budget for meeting, expenditure on the flood moderation for Tipaimukh Hydel Project can not be incorporated through the scheme for flood control in Brahmaputra and Barak Valley. The scheme in Brahmaputra and Barak Valley is a Centrally Sponsored Scheme for taking up critical flood control/anti erosion aspects during the Xth Five Year Plan, which caters for all the North-Eastern States including Sikkim and West Bengal falling within the Brahmaputra Basin. However, the scheme is still in the formulation stage and is yet to be discussed by the EFC and posed to Planning Commission/CCEA for approval.

In the multi-purpose projects, the flood moderation aspect is a part of the project and no separate provisions in this respect are kept in the project estimate. While transferring the Tipaimukh Dam Project from Brahmaputra Board, it was stipulated that the project will be a multi-purpose with flood moderation as per the original Detailed Project Report. MoWR has already indicated that the expenditure on flood moderation can not be borne by them and could either be borne by the concerned State Government or be a part of the project cost.

The following amount is estimated to be spent on flood control and modernisation, security and diversion of National Highway and other roads due to implementation of Tipaimukh HEP:—

Flood Control & Moderation	:	Rs. 288.76 crore
Security	:	Rs. 280.59 crore
Diversion of National Highway & other roads.	:	Rs. 105.00 crore

Ministry of Water Resources have shown their inability to include the expenditure on flood control & modernisation in their Budget as it is a multi-purpose Project and expenditure on flood modernisation is to be included in the Project Cost. Ministry of Power has advised Govt. of Manipur to take up the matter with Ministry of Home Affairs for their assistance in providing security around Tipaimukh HEP. Ministry of Surface Transport have also been requested to make adequate provisions in their Budget for meeting the expenditure on diversion of National Highways. The response from Ministry of Surface Transport is yet to be received.

[Minister of Power O.M. No. 14/4/2002-H-II dated: 13.11.2003]

Reply of the Ministry of Finance

Department of Expenditure does not support delinking the costs on account of security, diversion of National Highway and Flood Control from the project cost, in so far they are to be incurred due to implementation of this project and are directly relatable to the project.

[O.M. No. 17/3/2003-Inf. dated: 24.9.2003]

Comments of the Committee

(Please *see* Para 41 of Chapter I of the Report)

CHAPTER V

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

Recommendation (Sl. No. 2, Para No. 2.11)

The Committee note that as per the existing procedure in vogue, each thermal power project costing more than Rs. 2500 crore is apprised by Central Electricity Authority. Similarly, the limit for hydro project is Rs. 250 crore. Further, all hydro projects involving river flowing through more than one State require CEA clearance. By implication, this means that all the hydro projects irrespective of capacity cost would need CEA nod for execution. The Committee further note that power project costing more than Rs. 100 crore needs clearance from Cabinet Committee on Economic Affairs (CCEA). The Ministry of Power have informed the Committee that in order to utilize the budgeted amount, the progress of expenditure is monitored by them. In order to step up the utilization of funds, Ministry of Power suggested that the existing procedures for obtaining approval of projects need to be streamlined. The Ministry of Finance have stated that enhanced delegation was permitted to various Central Ministries including Power as recently as February, 2002. The Ministry of Finance have also stated that they are open to any measure which lead to faster improvement of power projects as well as better utilization of funds allocated to power sector. The Ministry of Finance have further stated that there is a need for thorough analysis of the reasons for delay which can be related to environment/forests, land acquisition, law and order, problems, tying up of financial resources, selling and power purchase agreements, etc. In this connection, the Committee would like to state that NTPC does not need CCEA clearance since they do not require budgetary support and at times they have executed their projects ahead of the completion schedule. For instance, Talcher & Simhadri projects were commissioned, nine and four months ahead of schedule. Taking note of proposal of the Ministry of Power to enhance delegation of powers for implementation of power projects for the consideration of the Cabinet, the Committee find that the present ceiling prescribed for CCEA approval is too meagre. The Committee, therefore, recommend that Government should appropriately enhance delegation of powers to the Ministry of Power so that delay occurring on account of investment clearances is reduced to a minimum. At the same time, the Committee recommend that Government should allow other power PSUs to take their own investment decisions, rather than routing through CCEA, on the lines of NTPC.

Reply of the Government

The Ministry of Power has taken up the issue of enhanced delegation of financial powers with the Ministry of Finance.

[Ministry of Power O.M. No. 8/10/2003-Fin. Dated: 13.11.2003]

Comments of the Committee

(Please *see* Para 9 of Chapter I of the Report)

Recommendation (Sl. No. 6, Para No. 2.35)

The Committee note that the present power system is suffering from instability and unreliability, impermissible frequency variation and low voltage conditions causing poor quality and uncertainty of supply of electricity. The frequency variation being experienced in recent times are beyond technically permissible range and are due to improper hydel: thermal mix in the power system. As against a minimum hydro share of 40% in the system, the contribution of hydro at present is only at 25% having declined from 1960. Strangely, the trend of power development tend to indicate that there is going to be a further decline in hydro share in times ahead for tending further deterioration in the quality of power supply. For instance, during the 10th and 11th Plans the ratio of hydel:thermal mix would be 35:65 and 31:69 respectively. In order to improve the quality of power supplied by maintaining system parameters within permissible limits, there is an imperative need to increase the hydro share in the system to the maximum possible extent by accelerating hydro development and augmenting hydro capacity. The Committee find that as per Mega Power Policy, hydel projects with capacity of more than 500 MW, are eligible to avail benefits of taxes, such as custom free import of capital equipments, income tax holidays for 10 years, exemption from sales tax and local levies, etc. In order to promote hydel power, so as to attain 40:60 hydel thermal mix, the Committee recommend that the Government should revise downwardly the ceiling of a hydel project, attracting such benefits. Any hydel projects with capacity of 100MW should be made eligible to avail the benefits under Mega Power Policy. The Committee, therefore, recommend that Government should review Mega Power Policy accordingly so that hydel projects with capacity of 100 MW or above are covered under this Policy.

Reply of the Government

Government is aware of the need to improve the hydro thermal mix and is according high priority to exploit the untapped hydro-electric potential in the country. To accelerate the process of survey and investigation of the new hydro-electric sites and to create a shelf of feasible projects which could be taken up for execution, the Central

Electricity Authority has carried out a preliminary ranking study of the balance hydro sites to enable potential hydro developers to take up detailed survey and investigation, cost estimates and tentative tariff for the most attractive and viable schemes in each basin in a phased manner.

2. Through a process of countrywide consultation, 162 hydro-electric schemes, with an estimated capacity of 50,560 MW, have been identified for preparation of feasibility studies. This initiative for tapping 50,000 MW of hydro power was launched by the Hon'ble Prime Minister on 24th May 2003, and will pave the way for the creation of a shelf of projects which will be implemented in the next two plans. This exercise is being undertaken by various organizations under the overall coordination of CEA.

3. A number of proposals have been received for modifications in the mega power policy. The suggestions include reducing the threshold limit in terms of project capacity so that more projects could be included for the fiscal concessions available under the policy. The issues are presently under-ministerial consultation and a decision will be taken in due course.

[Ministry of Power O.M. No. PS-18/2003-IPC date: 13.11.2003]

Comments of the Committee

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

Recommendation (Sl. No. 9, Para No. 2.52)

In order to improve the quality of life of rural population, living below poverty line including Harijans and Adivasi families, the Committee find that the Central Government launched the Kutir Jyoti Scheme in 1989 for extending single point light connection to the households of the poor section of the society. During 2001-02, 75599 connections were released up to September, 2001. The Budget Estimates 2003-04 for Kutir Jyoti Programme are Rs. 100.00 crore. The Committee observe that neither the Performance Budget 2003-04 nor the Annual Report 2002-03 of the Ministry of Power provide any information on this important programme of rural electrification for which Rs. 100.00 crore have been budgeted for the year 2003-04. The Committee would therefore, desire the Government to ensure that appraisal of such important scheme should be a regular feature in the Performance Budget of the Ministry in future. At the same time, the Committee would like to be apprised of the targets and achievements for the scheme during the last 3 years.

Reply of the Government

As regards appraisal mechanism for release of connections under Kutir Jyoti mechanism for allocation and sanction for funds under Kutir Jyoti programme, in accordance with the guidelines on Kutir Jyoti programme, allocation of grant as provided in the budget during each year is made State-wise in proportion to the rural population/ number of rural households below poverty line and intimated to SEBs/ State Power Departments in the beginning of the year. Based on the request for sanction of Kutir Jyoti connections for the year received from them, sanction is conveyed and on their acceptance of the same, an advance of 50% of the grant sanctioned is released to them. The balance 50% is disbursed on actual release of connection as per list of beneficiaries-blockwise/talukawise-furnished by them. REC officers in the Project Offices in the States during their field visits invariably monitor the progress from the records of the SEBs/State Power Utilities and also carry out physical verification of at least 2 per cent of connections reported as released by them.

As regards an independent evaluation of Kutir Jyoti Programme, a study on 'socio-economic impact of Kutir Jyoti Programme in Rural Areas' was got completed by REC in February, 2000 through ORG Centre for Social Research, Vadodara.

In order to have another evaluation of this programme done afresh to ascertain the impact it has made to improve the quality of lives of rural poor households with lighting of their homes, whether the benefits have actually reached these households and their response to the implementation programme including that of the implementing agencies, namely States/SEBs/State Power Utilities, as well as suggestions for strengthening the scheme integrating with other programmes for poverty alleviation, it has been decided to commission independent studies, (on regional basis like Eastern, Western, Southern and North Eastern) on the evaluation of implementation of Kutir Jyoti programme in selected States covering at least two representative States in each Region. National Productivity Council (NPC), The Energy and Resources Institute (TERI) and National Council of Applied Economic Research (NCAER) are being commissioned for such purpose. During 2002-03, the implementing State Governments/Power Utilities have reported release of 9.35 lakh single point light connections to the BPL households and have drawn a grant of Rs. 138.65 crore. State-wise details of physical and financial performance *vis-a-vis* targets under Kutir Jyoti Programme for the past three years (2002-2003) is given in the enclosed Annexure I and II.

[Ministry of Power O.M. No. 44/11/2002-D (RE) date: 13.11.2003]

Comments of the Committee

(Please *see* Para 20 of Chapter I of the Report)

ANNEXURE I

KUTIR JYOTI PROGRAMME : FINANCIAL PERFORMANCE FOR LAST THREE YEARS (2002-2003)

(Amt. in lakh)

Sl.No.	State	2000-2001 Grant Amount		2001-2002 Grant Amount		2002-2003 Grant Amount	
		Allocated	Drawn	Allocated	Drawn	Allocated	Drawn
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	202	1391	217	2000	310	1722
2.	Arunachal Pradesh	18	54	20	121	28	20
3.	Assam	468	0	504	0	720	360
4.	Bihar	1143	312	929	582	1327	991
5.	Goa	1	0	1	0	8	0
6.	Gujarat	158	42	170	39	243	67
7.	Haryana	98	0	105	182	150	130
8.	Himachal Pradesh	40	32	43	17	61	19
9.	J & K	48	9	52	0	74	0
10.	Karnataka	243	1411	262	1427	374	5155
11.	Kerala	142	550	153	100	218	509
12.	Madhya Pradesh	548	20	439	8	627	314
13.	Maharashtra	490	230	528	20	754	110
14.	Manipur	32	0	34	25	48	0
15.	Meghalaya	35	29	38	22	54	27
16.	Mizoram	8	100	9	30	13	54
17.	Nagaland	24	78	26	100	37	85

1	2	3	4	5	6	7	8
18.	Orissa	357	0	384	0	549	473
19.	Punjab	45	25	48	50	69	48
20.	Rajasthan	240	121	253	150	369	229
21.	Sikkim	9	0	10	0	14	7
22.	Tamil Nadu	308	384	332	317	474	609
23.	Tripura	56	88	60	97	86	97
24.	Uttar Pradesh	1257	2	1288	0	1834	1050
25.	West Bengal	532	0	573	20	818	424
26.	Jharkhand	—	—	302	121	431	294
27.	Chhattisgarh	—	—	151	152	216	342
28.	Uttaranchal	—	—	66	0	94	729
29.	UTs	—	—	—	—	—	—
	Grand Total	6500	4878	7000	5580	10000	13865

ANNEXURE II

KUTIR JYOTI PROGRAMME : PHYSICAL PERFORMANCE FOR LAST THREE YEARS (2002-2003)

(Amt. in lakh)

Sl.No.	State	2000-2001		2001-2002		2002-2003	
		Target	Ach.	Target	Ach.	Target	Ach.
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	20150	130000	21700	200000	20660	134000
2.	Arunachal Pradesh	1790	6000	1953	10884	1550	1400
3.	Assam	46810	1688	50410	553	40000	0
4.	Bihar	114250	25342	92880	54310	88470	89975
5.	Goa	100	0	108	0	500	0
6.	Gujarat	15750	4200	16990	3900	16180	4309
7.	Haryana	9750	0	10500	13536	10000	10332
8.	Himachal Pradesh	4000	2036	4306	1601	3416	1083
9.	J & K	4800	528	5169	0	4100	0
10.	Karnataka	24300	145087	26166	60018	24920	400363
11.	Kerala	14200	35152	15290	18717	14560	31532
12.	Madhya Pradesh	54800	51770	43879	4950	41810	18111
13.	Maharashtra	49000	14607	52767	7420	50250	6253
14.	Manipur	3150	0	3390	0	2690	0
15.	Meghalaya	3520	3500	3790	2820	3010	1500
16.	Mizoram	820	10000	890	3000	700	3000
17.	Nagaland	2400	12000	2580	6000	2050	5050

1	2	3	4	5	6	7	8
18.	Orissa	35700	41	38440	0	36610	0
19.	Punjab	4500	2500	4840	5000	4610	4610
20.	Rajasthan	24000	15012	25840	15000	24610	14888
21.	Sikkim	900	0	969	0	770	0
22.	Tamil Nadu	30800	45919	33169	42700	31590	37280
23.	Tripura	5600	13783	6031	9000	4786	6500
24.	Uttar Pradesh	125700	509	128784	0	122270	70000
25.	West Bengal	53200	5000	57290	1686	54560	4339
26.	Jharkhand	—	—	30157	1699	28710	19692
27.	Chhattisgarh	—	—	15118	7331	14400	30498
28.	Uttaranchal	—	—	6576	0	5225	40450
29.	UTs	—	—	—	—	—	—
	Grand Total	650000	524674	700000	470125	653007	905065

Recommendation (Sl. No. 19, Para No. 2.83)

The Committee are unhappy to note the progress and achievements in Damodar Valley Corporation (DVC). There is no capacity addition since 1999-2000. The last capacity addition was Mejia TPS Unit-3 which was commissioned in March, 1998. The performance of thermal and hydel power units are far from satisfactory with PLF only 57% in thermal units. The Committee further note that the project planning and implementation of DVC lack firm commitment. For instance, the actual expenditure for Bokaro Steel TPS Stage-1 (500 MW), Unit-I, Durgapur Steel TPS Stage-I (500 MW), Ramgad TPDS (2x500 MW) Kodarma TPS (2x500 MW) and Maithon Left Bank TPS, Unit-I (2x500 MW) was nil till January, 2003, in spite of adequate provisions made for the purpose during the year 2002-03. Similarly, there is a mismatch between revised project estimates and actual expenditure in schemes like Mejia/Chandrapur, R&M and T&D schemes etc. The Committee have take note of reasons adduced by DVC on each of such schemes. The Committee do not approve of casual manner in which projects are executed. The Committee recommend that DVC should review their project planning and implementation mechanism so that the projects are commissioned as per schedule/DPRs.

Reply of the Government

DVC is reviewing the project planning and implementation programme so that the projects are commissioned as per schedule. During the 10th Five Year Plan the following projects of DVC are scheduled for commissioning as per the dates indicated against each of them:—

Sl.No.	Project	Targeted date of commissioning
1.	Mejia TPS Unit-IV	September, 2004
2.	Mejia TPS Unit-V	March, 2006
3.	Mejia TPS Unit-VI	September, 2006
4.	Chandrapur TPS Unit-VI	July, 2006
5.	Chandrapur TPS Unit-VIII	November, 2006
6.	Maithon Right Bank Thermal Power Station (4x250 MW)	2006-07

Recommendation (Sl.No. 20, Para No. 2.89)

The Committee note that Long Term Coal Supply Linkage for 1000 MW for 1000 MW Maithon Right Bank Power Station was initially granted by the Standing Linkage Committee in 1997 for supply of 3.9 mtpa, was subsequently revised to 4.864 mtpa, *vide* Ministry of Coal Letter Ref. No. 47011/11/96/CPA dtd. 31st August 1999. The Chairman and Managing Director, Bharat Coking Coal Limited (BCCL) confirmed allocation of coal from certain coalmines, which was later reconfirmed in the Coal Linkage Committee Meeting, dated 30th April, 2002 and it was decided that Fuel Supply Agreement (FSA) would be signed by September 2002. However, the Committee are unhappy to note that on further follow-ups to conclude the Fuel Supply Agreement, BCCL informed that the above-identified coal blocks were no longer available and hence the FSA can not be signed. Instead in August 2002, BCCL put up a proposal to supply coal from its other coal mines *viz.* Laikdih, Salanpur (A, B, C & D) mines. The Committee cannot but deplore the way the Ministry of Coal had not intervened in the matter and the linkage granted by Standing Linkage Committee in 1997 was subsequently annulled. The Committee feel that such action are unwarranted by the coal companies which are monopolistically running the coal industry and recommend that the matter should have been brought to the notice of the Cabinet Committee on Economic Affairs of the Government by the Ministry of Power as it will discourage the independent Power Producers for investing in power projects. At the same time, as the Maithon Power Project with a capacity of 1000 MW promoted jointly by BSES and the Damodar Valley Corporation is scheduled to be commissioned in the 10th Five Year Plan and has a direct bearing on the proposed Power Development Programme, the Committee strongly urged the Government to take necessary steps to ensure that either necessary Fuel Supply Agreement from the nearby coal source is concluded or a suitable mine block in the neighbouring area is immediately allotted to the promoters. The Committee would like to know the action taken by the Government in this regard.

Reply of the Government

As per the information received from DVC, Coal Linkage of 4.864 million tones per annum has been granted by the Standing Linkage Committee (long-term) for Maithon Right Bank Thermal Power Station. This linkage has been confirmed by CMD, BCCL in the 18th meeting of the Screening Committee held on 5th May, 2003. BCCL has also forwarded draft copy of Fuel Supply Agreement and the same is under review by M/s MPL and further discussion with BCCL is scheduled to be held shortly.

[Ministry of Power O.M. No. 13/7/2003 DVC (Th-3) dated: 13.11.2003]

Reply of the Government (Ministry of Coal)

BCCL has informed that coal will be supplied from Basket source of linkage to the proposed Maithon Right Bank TPS (1000 MW) from BCCL sources. The same was intimated to the CEO. Maithon Power Company by BCCL *vide* letter dated 10.7.03 where in it has been mentioned that coal will be supplied from the same basket from where BCCL has been supplying coal to DVC.

The name of the mines from which coal will be supplied to Maithon RP TPP are as under:–

Colliery	Colliery	Colliery
Muraidih	Bastacolla	Kuya
Satabdi	Bera	S. Tisra
W. Mudidih	Dahibari	N. Tisra
Keshalpur	Dobari	Jeenagora
Angarpathra	Ghanoodih	Basantimata

Moreover, it is pertinent to mention that CMD, BCCL *vide* letter dated 15.7.03 informed that the date for signing FSA with DVC and Maithon Power Company had been fixed on 16.7.03. However, the meeting has been deferred, is fixed shortly.

[Ministry of Coal O.M. No. 54012/5/2003-CPD Dated August 25, 2003]

Comments of the Committee

(Please *see* Para No. 28 of Chapter-I of the Report)

Recommendation (Sl.No. 23, Para No. 2.103)

The Committee are further perturbed to note that works on Tuivai H.E. Project, Tipaimukh HE (Multipurpose) Project, Tripura Gas Turbine Project, Lower Kopili H.E. Project and Ranganadi H.E. Project-Stage-II could not be taken up so far during the year 2002-03, pending investment approval. The Committee desire the Government to ensure financial closure of the Tripura gas-based power project of 500 MW targeted to be commissioned during 10th Plan at the earliest. The Committee also recommend that besides investment approval for the project, the Government should also ensure required quantity and quality of gas for the project. The Committee are, however, glad to note that Techno-Economic clearance of Tipaimukh H.E. (Multipurpose) Project is reported to be expected very shortly. The Government of India is according top most priority for start of this project within this year and it is expected that all statutory clearances will be obtained and investment approval to the project will also be obtained during the year. Accordingly, a provision of Rs. 40.00 crore as net budgetary support has been provided for this project for the year 2003-04 so that infrastructure development works can be taken up. In view of this, the Committee recommend the Government to take all necessary steps to ensure that work on Tipaimukh Dam should at least start during 2003-04 and the provision of Rs. 40.00 crore through NBS be fully expended.

Reply of the Government

(a) Present Status of Tripura Gas based combined cycle power project (280 MW)

Name of Project, Capacity & Location	Latest Cost (Rs. in crs.)	Funding Agency	Date of Commissioning	Present Status (as on March 2003)
1. Tripura Gas Based Combined Cycle Power Project (280 MW), Tripura	891.071 March-03 PL	Under finalization	2006-07 10th Plan	• Considering reduced availability of gas of 1MMSCUMD, revised DPR for capacity of 280 MW was submitted to CEA and revised TEC has been issued by them on 25.04.03 at a present day estimates cost of Rs. 891.071 crores and a completed cost of Rs. 971.02 crores. • Pre-PIB memorandum has been submitted to Ministry of Power on 19.05.2003 with a revised capacity of 280 MW. Pre-PIB meeting is scheduled for 20th June, 2003.

(b) PRESENT STATUS OF TIPAIMUKH H.E. PROJECT (1500 MW)

* **Status of MoU and NOC from State Governments**
  * MoU with Govt. of Manipur signed on 9th January 2003.
  * NOC from the Govt. of Assam obtained in July 2002.
  * NOC from the Govt. of Mizoram obtained in August 2001.
* **Status of various clearances**
  * 1st stage site clearance from MoE&F obtained in May 2002.
  * Section 18A of the Electricity (Supply) Act issued in Jan., 2003.
  * CEA considered the proposal for accord of TEC on 9th January 2003. Techno-Economic Appraisal found to be in order and conveyed by CEA on 20th January 2003.
  * Gazette Notification under Section 29(2) of the Electricity (Supply) Act, 1948 published in Manipur Gazette on 20th January 2003. 35 representations of minor nature have been received through the State Government which also have been replied through the State Government. There is no financial implication on the project cost on account of these representations.
  * Gazette Notification under Section 29(2) of the Electricity (Supply) Act, 1948 published in Mizoram Gazette on 10th March, 2003 and no representations have been received within the statutory 60 days by NEEPCO through the State Government. Few representations received directly are of minor nature which do not have any financial implication on the project cost parameters.
  * CEA is being persued for early accord of TEC.
  * Funding of the project : Letter of comfort from PFC obtained.
  * Pre-PIB held on 17th February 2003.
* **Sale of Power**
  * Letter of comfort obtained from PTC.

* **Further Steps**
    * TEC by CEA
    * Pre-PIB/PIB.
    * Environment and Forest clearance. Work for EIA and EMP studies have been awarded and the same is under progress, after which formal application for obtaining E&F clearance from MoE&F will be submitted. 1st stage and 2nd stage site clearances obtained from MoE&F.
    * CCEA.

Note: Parallel activity for preparation of tender documents for short-listing of prospective bidders have already been taken up.

[Ministry of Power O.M. No. 14/4/2002-H-II dated: 13.11.2003]

Comments of the Committee

(Please *see* Para 33 of Chapter-I of the Report)

Recommendation (Sl.No. 26, Para No. 2.110)

The Committee find that in terms of Income Tax Act [Section 35 (2) (AA)], where an assessee pays any sum to a national laboratory or institute or a specified person with a specific direction that such sum shall be used for scientific research undertaken under a programme approved in this behalf by the prescribed authority, an exemption of 125% is allowed to the assessee. National laboratory are laboratories functioning under ICAR, ICMR, CSIR, DRDO, Department of Electronics, Department of Bio-Technology or Department of Atomic Energy and approved by the prescribed authority. The Committee is of the view that CPRI although is not a national laboratory but is a premier R&D laboratory totally dedicated for power sector. The past performance of CPRI is no less than any National Laboratory. The Committee, therefore, recommend that CPRI should be made eligible to attract funds for R&D/augmentation/unpgradation of testing facilities from private and public sector undertakings. The Committee do not share the contention of the Ministry of Finance that since CPRI is not covered under the definition of national laboratory and hence ineligible. The Committee desires that Government should amend the relevant statute to ensure that CPRI also attract funds for R&D and other activities.

Reply of the Government

The issue was taken up by the Ministry of Power with the Ministry of Finance during the Budget discussions while suggesting modifications in the duty/tax structures for 2003-04. This was, however, not included in the final proposal of Ministry of Finance. No formal communication has been received from the Ministry of Finance in this regard.

[Ministry of Power O.M. No. 8/9/2003-Fin. Dated 13.11.2003]

Reply of the Ministry of Finance

The recommendation of the Committee regarding weighted deduction for contributions made to Central Power Research Institute (CPRI) under Section 35(2AA) of the Income-tax Act, 1961 would be examined after due consultation with the CPRI and the Ministry concerned.

[O.M. No. 17/3/2003-Inf. Dated 24.9.2003]

Comments of the Committee

(Please *see* Para 49 of Chapter-I of the Report)

Recommendation (Sl. Nos. 34 and 35, Para Nos. 2.161, 2.162)

The Committee find that in terms of Government guidelines under Exim Policy of December, 2001, all the deemed exports benefits have been extended to nuclear power projects, where power developer follow Domestic Competitive Bidding procedure. However, such benefits are not available for thermal and hydel power projects. It is worthwhile to mention that a substantial portion of the projects cost, even where the projects are funded by multilateral agencies like World Bank, ABD etc., gets executed through the route of Domestic Competitive Bidding. Taking into consideration that emphasis of the Government is towards increasing the power generation capacity, a majority of new capacity addition is likely to be contributed by the power plants to be set up in the Central Sector. This will require development of new equipment suppliers as existing capacities with the suppliers may be insufficient to cater to the increased demand. The Committee find that by virtue of extending the deemed exports benefits to hydel & thermal power stations, there would be substantial reduction in case of generation. In this context, the Committee would like to remind that the refund of terminal excise duty for Talcher STPP to NTPC which was started after evaluating the project cost with the benefit of terminal excise duty, is going to cost Rs. 342.20 crore, thereby increasing the cost of power by 12 paise/KW. The Committee further note that where the power developer follows International Competitive Bidding, procedure, for the power projects financed by internal resources/external commercial borrowings, the advantage of refund of Terminal Excise Duty, under deemed export benefits, is not available. As such, the project authorities, are required to pay as much as 16% of ex-works price of goods additionally towards excise duty to the domestic supplier. This entails additional burden of Rs. 476 crore on revenue and per unit cost of power raises by another 4 paise.

The Committee have taken note of averment of Ministry of Power that the matters were taken with the Ministry of Commerce who have opined that benefit of refund terminal excise duty is directly related to the incidence of customs duty and Counter-Veiling Duty (CVD) on imports. Thus, whenever the imports are exempted from the incidence of CVD, the domestic suppliers are given the benefit of refund on Terminal Excise Duty. The Ministry of Commerce suggested to take up the matter with the Ministry of Finance for waiving off the CVD. On the other hand Ministry of Finance have stated that such matter are appropriately dealt by Ministry of Commerce. the Committee do not approve the casual action of Ministry of Commerce and Ministry of Finance in the matter. Taking into consideration that there exist energy and peaking shortage of power to the tune of 7.5% and 12%, respectively and increase in the cost of delivered power, there is an imperative need to aggressively take measures, for cost reduction exercise. The Committee, therefore, strongly recommend that all the Deemed Export Benefits for supply of goods to power sector, be made available to domestic suppliers, where the bids have been invited under International Competitive Bidding procedure. At the same time, deemed export benefits be extended to thermal & hydel utilities, on the lines of nuclear power.

Reply of the Government

Sub-Committee-III of Department related Parliamentary Standing Committee for Ministry of Heavy Industry and Public Enterprises has taken up the matter with Department of Revenue, Ministry of Heavy Industry & Public Enterprises, Directorate General of Foreign Trade (DGFT) & Ministry of Power. The Ministry of Power has made a request to DGFT on 1.9.2003 to restore the benefit of refund of terminal excise duty to Talcher Super Thermal Power Project retrospectively as the same has been taken into account while awarding the contract. DGFT has now recommended the proposal to DEA on 16.9.2003 to considered the matter.

[Ministry of Power F. No. 8/10/2003-Fin. dated 13.11.2003]

Reply of the Ministry of Finance

Relates to deemed export benefits under the EXIM Policy, which is dealt with by Ministry of Commerce.

As far as customs duties are concerned, in the budget 1999-2000, the customs duties on power projects were restructured from 20% basic customs duty + 2% special customs duty and nil additional duty of customs (CVD), to 5% basic customs duty + surcharge @ 10% of the basic customs duty + CVD. The CVD was imposed on import of goods for power projects in view of the strong indigenous angle for these goods, and to protect the interest of domestic producers of similar items. Despite this rationalization of the customs duty structure, the incidence of customs duty on these goods remained approximately the same. The basic customs duty + special customs duty/surcharge+CVD was 22% prior to budget 1999-2000 and 22.38% after budget 1999-2000. Thus there was no additional cost burden on account of rationalization of the customs duty structure on power projects in budget 1999-2000. The surcharge was abolished in budget 2001-02. The basic customs duty of 5% and CVD 16% has been continued till now without any change.

[Ministry of Finance O.M. No. 17/3/2003-Inf dated 24.9.2003]

NEW DELHI;
3 *February*, 2004
14 *Magha*, 1925 (*Saka*)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

APPENDIX I

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON ENERGY (2004) HELD ON 29TH JANUARY, 2004 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 15.00 hrs. to 15.45 hrs.

PRESENT

Shri Basudeb Acharya— *In the Chair*

MEMBERS

2. Shri Bikash Chowdhury
3. Shri Ali Mohmad Naik
4. Shri Dalpat Singh Parste
5. Shri Amar Roy Pradhan
6. Shri Chandra Pratap Singh
7. Shri Tilakdhari Prasad Singh
8. Prof. Rita Verma
9. Shri Bimal Jalan
10. Dr. K. Kasturirangan
11. Shri Ajay Maroo
12. Shri B.J. Panda
13. Shri Matilal Sarkar
14. Shri Gaya Singh
15. Shri Veer Singh

SECRETARIAT

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

2. In the absence of Chairman, the Committee chose, Shri Basudeb Acharia, M.P. to act as Chairman under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Thereafter, the Acting Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Committee.

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

(i) Action Taken Report on the recommendations contained in the 38th Report (13th Lok Sabha) on Demands for Grants (2003-04) of the Department of Atomic Energy.

(ii) Action Taken Report on the recommendations contained in the 39th Report (13th Lok Sabha) on Demands for Grants (2003-04) of the Ministry of Non-Conventional Energy Sources.

(iii) Action Taken Report on the recommendations contained in the 40th Report (13th Lok Sabha) on Demands for Grants (2003-04) of the Ministry of Power.

(iv) Action Taken Report on the recommendations contained in the 41st Report (13th Lok Sabha) on Demands for Grants (2003-04) of the Ministry of Coal.

(v) Original Report on the subject "Safety in Coal Mines".

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

6. The Committee also authorised the Chairman to finalise the above-mentioned Reports after making consequential changes arising out of factual verification by the concerned Ministries/Department and to present the same to both the Houses of Parliament/Hon'ble Speaker, Lok Sabha.

The Committee then adjourned.

APPENDIX II

(*Vide* Para 4 of Introduction)

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

I.	Total No. of Recommendations made	37
II.	Recommendations that have been accepted by the Government (*Vide* recommendations at Sl. Nos. 1, 3, 4, 8, 10, 11, 12, 13, 14, 15, 16, 17, 27, 28, 29, 30 & 31)	17
	Percentage of total	45.95%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies (*Vide* recommendations at Sl. Nos. 5, 7, 18, 21, 22, 25, 32, 33, 36 & 37)	10
	Percentage of total	27.03%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (*Vide* recommendation at Sl. No. 24)	1
	Percentage of total	2.70%
V.	Recommendations in respect of which final replies of the Government are still awaited (*Vide* recommendations at Sl. Nos. 2, 6, 9, 19, 20, 23, 26, 34 and 35)	9
	Percentage of total	24.32%