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STANDING COMMITTEE ON ENERGY (1999-2000) THIRTEENTH LOK SABHA

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

DEMANDS FOR GRANTS
(1999-2000)

[Action Taken by the Government on the Recommendations contained in the Seventeenth Report of the Standing Committee on Energy (Twelfth Lok Sabha]

FIFTH REPORT

सत्यमेव जयते

Presented to Lok Sabha on 16.5. 2000
Laid in Rajya Sabha on 16.5. 2000

LOK SABHA SECRETARIAT
NEW DELHI
May, 2000 / Vaisakha, 1922 (Saka)

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(1999-2000)

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4. Shri R.S. Kambo	-	Under Secretary
5. Shri N.K. Jha	-	Reporting Officer

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* Ceased to be a member of the Committee w.e.f. 5.5.2000.
** Nominated to the Committee w.e.f 27.4.2000.
*** Nominated to the Committee w.e.f. 1.5.2000.
\# Re-nominated to the Committee w.e.f. 1.5.2000.
\## Nominated to the Committee w.e.f. 5.5.2000.

COMPOSITION OF SUB-COMMITTEE 'E' ON
ACTION TAKEN REPORTS

	Shri Sontosh Mohan Dev	- Chairman
	Shri Vijayendra Pal Singh Badnore	- Convenor
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4.	Shri Santosh Bagrodia	
5.	Shri Basudeb Acharia	
6.	Shri Prakash Yashwant Ambedkar	
7.	Shri A.B.A.Ghani Khan Choudhury	
8.	Shri Amar Roy Pradhan	
9.	Prof. Ummareddy Venkateshwarlu	
10.	Shri Jagmeet Singh Brar	
11.	Shri Tilakdhari Prasad Singh	
12.	Shri V.P.Goyal	
13.	Shri E.Balanandan	
*14.	Shri Ananta Sethi	

* Ceased to be a member of the Committee w.e.f.5 May, 2000.

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this Fifth Report (Thirteenth Lok Sabha) on Action Taken by the Government on the recommendations contained in the Seventeenth Report of the Standing Committee on Energy (Twelfth Lok Sabha) on "Demands for Grants (1999-2000) of the Ministry of Non-Conventional Energy Sources".

2. The Seventeenth Report (Twelfth Lok Sabha) on the Standing Committee on Energy was presented to Lok Sabha on 22nd April, 1999. Replies of the Government to all the recommendations contained in the Report were received on 16th March, 2000.

3. The Standing Committee on Energy (1999-2000) considered and adopted this Report at their sitting held on 11th May, 2000. The Committee place on record their appreciation of the work done by the Sub-Committee on Action Taken Reports.

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

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

New Delhi;
11 May, 2000
21 Vaisakha , 1922 (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 Seventeenth Report (Twelfth Lok Sabha) of the Standing Committee on Energy on “Demands for Grants (1999-2000) of the Ministry of Non-Conventional Energy Sources” which was presented to Lok Sabha on 22nd April, 1999.

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, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12 and 13

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

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

SI. Nos. 5 and 14

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

Nil

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 the Committee at the earliest.

4. The Committee will now deal with the Action Taken by the Government on some of their recommendations/Observations made in the Seventeenth Report.

A. Budgetary Allocation

Recommendation (S1. No. 1, Para 2.9)

5. The Committee had noted that the Budgetary allocation for the year 1999-2000 had been placed at Rs. 358.32 crore against Revised Estimates of Rs. 304.42 crore and Budgetary Estimates of Rs. 407.06 crore for the year 1998-99. Unlike in the last year when the cut was imposed by the Ministry of Finance due to slow pace of expenditure by the Ministry of Non-Conventional Energy Sources, (MNES) the Committee hoped that this year the Ministry would make all out efforts to spread evenly its Budgetary expenditure throughout the year.

6. In their reply, the Government have informed that the Ministry have been making all out efforts to evenly spread its expenditure throughout the year. In addition to review the level of expenditure monthly, the Ministry have also prepared programme-wise quarterly physical and financial targets which are being closely monitored. An amount of Rs. 275.98 crore Gross Budgetary Support (GBS) was spent by the end of February 2000 against the expenditure of Rs. 152.84 crore only during the corresponding period last year. As far as Indian Renewable Energy Development Agency (IREDA) is concerned, the budgetary provision for the year 1999-2000 and the progress made by it are as follows.

Source	Allocation for 1999-2000		Status as on 9/3/ 2000	Balance
	BE	RE		
Equity	42.00	42.00	42.00	0.00
Technology Commercialization Fund	2.00	0.50	0.00	0.50
IDA	46.19	46.19	46.19	0.00
Swiss Development Cooperation/Dutch	8.81	2.07	0.97	1.10
Total	99.00	90.76	89.16	1.60

7. The Committee noted with concern that various steps taken by the Ministry to ensure even distribution of resources, have not yielded the desired results. For instance funds were not released under Technology Commercialisation Funds and only Rs. 0.97 crore out of Rs. 2.07 crore were spent upto 9.3.2000 under Swiss Development Corporation/Dutch. The Committee while reiterating their earlier recommendation desire that MNES should gear up their monitoring machinery to ensure that, to the extent possible, financial targets should be commensurate with the physical targets set for the year. The Committee also desire that efforts made by the Ministry for even distribution of resources over the years and results obtained thereof so far may be intimated to the Committee at the earliest.

B. Wind Power Programme

Recommendation (SI. No. 3, Para 2.22)

8. The Committee have noted with concern the slow progress made in the implementation of wind power programme. As against a potential of 45,000 MW, only 992 MW could be harnessed. The Committee had also noted that while the budgetary allocation for the programme increased to Rs. 8.00 crore during 1999-2000 as against Rs. 4.85 crore during 1997-98, the targets were reduced from 150 MW to 100 MW during the same period. The Committee were also unhappy to observe that whatever little allocations were made, the Ministry could not even utilize them fully. The Committee had desired that Ministry should utilize the increased allocation and fulfil the target laid down for the year 1999-2000.

9. The Government in their reply have informed that the physical target has been fixed by taking stock of the several projects in the pipeline. Commercial projects aggregating to 44,203,300 and 50 MW capacity are m the pipeline in Andhra Pradesh, Karnataka, Maharashtra and Tamil Nadu. The budgetary allocations are used to provide support service such as R&D, wind resource assessment and setting up of limited number of demonstration projects. An Action Plan for the year 1999-2000 has been prepared for achieving the physical and financial targets under the Wind Power Programme. Out of the total capacity addition of 100 MW during the year 1999-2000, 560 MW capacity was added upto the end of December, 1999. An amount of Rs. 7.24 crore has been released during the current year as against a budgetary provision of Rs. 8.00 crore and revised estimates of Rs. 7.80 crore. IREDA has also sanctioned loan of Rs. 170 crore for Wind Power Project aggregating to 62 MW out of the physical target of 100 MW set for the ensuing financial year.

10. Considering the slow pace of implementation of Wind Power Programme, the Committee are unable to believe that the Government would able to achieve/ harness the existing potential of 45,000 MW in the stipulated time frame. Only 56 MW capacity was added as against the target of 100 MW fixed for the year 1999-2000. On the other hand, an amount of Rs. 7.24 crore has been released against the revised estimates of Rs. 7.80 crore, thus leading to an almost full utilisation of the

allocated fund. The Committee are unable to understand as to how the Ministry would be able to achieve full target when the whole fund meant for the programme has already been exhausted. The Committee recommend that efforts should be made to achieve the physical targets and they be apprised of the outcome thereof. The Committee would also like to be informed of the status report of Action Plan (1999-2000) in meeting the targets. The Committee are of the opinion that in spite of the capital cost of Wind Programme being more, the long-term benefits are manifold. The Committee, therefore, recommend that more fiscal incentive should be extended to Wind Power Programme.

Differential Duties on Import of Wind Power Equipments

Recommendation (51. No. 4, Para 2.23)

11. The Committee had desired that the Government should impress upon the State Governments/SEBs about the imperative need to develop wind power earnestly. The Committee had recommended that the Government should prepare a 'shelf of wind projects' with all statutory clearances so that private sector and 'Navratnas' and 'Miniratnas' could develop these projects expeditiously and had also suggested the SEBs to take appropriate Steps to create infrastructure for power evacuation facilities also. In connection with the operation and maintenance of the existing wind projects, the Committee had recommended that the Government should allow import of spare parts required for maintenance of existing, projects at the same custom duties as imposed on new machines for electric generation at wind farms.

12. In their reply, the MNES have informed that the Ministry have been taking up the matter of faster exploitation and removal of bottlenecks at the level of Chief Secretaries of the wind energy potential States. Other States have also been requested to set up Wind Energy Estates on the lines of Madhya Pradesh. Detailed guidelines have been issued to SEBS, nodal agencies, manufacturers and developers for operation and maintenance of existing wind power projects. The Ministry have advised the SEBs and Nodal Agencies to take necessary action for clearance of projects, timely allotment of land including forestry clearance and advanced development of infrastructure, including extension of grid lines, upgradation of substations and creation of power evacuation facilities. the matter was taken up with the Ministry of Finance also to allow import of spare parts at concessional custom duties as available for parts for manufacture of new machines, which has not been agreed to.

13. The Ministry of Finance, in their reply informed that the parts for the manufacture of wind electric generation are allowed concessional rate of duty of 5% (BCD) + (CVD) (on merit). This rate is same as applicable to wind electricity generators. The concessional rate was in the nature of end-use exemption and its implementation could be monitored because wind electricity generator manufacturers are under excise control. On the other hand the concession on parts for maintenance could not be monitored effectively. The Government further informed that the concession was allowed for manufacturer but not for the maintenance in several other sectors also.

14. Despite ample potentialities of wind power in the country, the guidelines issued by the Ministry to all States on the general policies and the facilities to he offered for wheeling, banking purchase of power from such projects, third party sale, capital subsidy and other incentives offered, participation of private developers and 'Navratnas'/'Miniratnas' in Wind Power Programme has not gained momentum. The Committee desire that Government should analyse as to what prohibits the private sector participation in the Wind Power Generation Programme. The Committee also desire that Government should play a proactive role and also create an enabling atmosphere for the greater participation of the private developers in harnessing the potential of Wind Power. It is in this context, that the Committee had suggested to prepare "shelf of wind projects" with all the statutory clearances and creation of infrastructure by SEBs for evacuation of power. Sadly, Government have not responded to this suggestion.

15. Considering the benefits accruing out of the investments made or concession granted in the wind power sector, the Committee while reiterating their earlier recommendation, stress that the Ministry of Finance should allow, as a special case, the import of spares required for maintenance of existing projects at the same rate of custom duty as imposed on new machines for electric generation at wind farms. It is unacceptable to deny the same benefits on the spares required for maintenance merely on the ground of difficulties in monitoring the concessions on the parts required for maintenance. The Ministry of Finance should review the whole matter and devise a procedure in this regard and thus help in making India a "Wind Super Power".

MAT on Wind Energy Programme

Recommendation (S1. No. 5, Para 2.24)

16. The Committee had noted that 100% accelerated depreciation was allowed to private companies whereby cent per cent investment in wind energy was permitted to be depreciated in the first year of installation and private investments upon which the entire wind power programme depend would be impeded by introduction of Minimum Alternative Tax (MAT) in which the companies are required to pay 10% minimum tax. The Committee had, therefore, recommended 100% depreciation be allowed to continue in the entire period of 9th Plan and had also desired exemption of investment made by private investors in wind power projects from MAT.

17. The Ministry of Non-Conventional Energy Sources in their reply have requested to continue 100% accelerated depreciation facility during the entire 9th Five Year Plan period and exempt investments made by private investors in wind power projects from MAT, wherever in force. There has not been any change in depreciation in the year 2000-2001, however MAT has not been exempted on investment made in wind power projects. A uniform rate of 7.5% have been introduced towards MAT in Budget for 2000-2001 on all companies as against the earlier rate of 10.5%.

18. Ministry of Finance in their reply have informed that the existing rates of 100% depreciation available to wind power generating machinery would continue and the provisions of MAT were not applicable to profits derived from the business of generation or generation and distribution of power by an industrial undertaking. There were no provisions of exempting investments in any sector under MAT. As the demand side incentive is available in the form of 100% depreciation, this constitutes a major incentive to give impetus to generation of non-conventional energy. Minimum Alternate Tax on the other hand is applicable only if companies have book profits under the companies act. The Finance BW, 2000 proposes to widen the base of taxable income to generate more resources. Apart from phasing out concessions in export earnings, MAT provisions have been modified. The new MAT reduces the tax incidence from 10.5% to 7.5% but is made applicable to all companies without exception. Companies engaged in generation of power are also covered under proposed MAT. In the light of this backdrop, it may not be desirable to make sectoral exclusions from MAT to retain the efficacy of the provision and to ensure that it meets the desired objective.

19. As observed in their earlier recommendation, private sector participation has been dwindling due to imposition of Minimum Alternative Tax (MAT). It is also clear that the success of Wind Power Programme depends entirely upon the level of participation of the private sector. The Committee, therefore, could not understand the rationale of the Government in issuing various policies/guidelines to encourage the participation of private developers and on the other hand imposing MAT resulting in dissuading/discouraging the private developers to participate in the Wind Power Programme. The Committee note that Government has reduced the MAT from 10.5% to 7.5% in the Budget 2000-01. The Committee, however, reiterate their earlier recommendation and desire that the investment made in Wind Power Programmes be totally exempted from MAT during the entire Ninth Plan Period.

Appropriation of land by Private Developers for Wind Power Programme

Recommendation (SI. No. 6, Para 2.25)

20. The Committee were concerned to note the growing tendency of private sector entrepreneurs in appropriating prime land, far in excess of their requirement for setting up wind farms. The Committee, therefore, had recommended that suitable guidelines in this regard should be framed and communicated to the State Governments for compliance so that this practice may be curbed immediately. In addition, the Committee had emphasized that institutional mechanism be strengthened for timely clearance and approval of projects.

21. The Government in their reply informed that the State Government has been requested to strengthen the institutional mechanism for speedy clearance and approval of wind power projects. For this purpose the setting up a 'single window' facility in the States and a separate NCES Division in each SEB to deal with all aspects from clearance and approval to generation of power through Non-Conventional Energy Sources has also been suggested. The further informed that the States had also been advised to consider strictly as per requirement in Detailed Projects Reports, allotment of land for wind power projects to the serious investors only; in case no activity was initiated by the private developers within a stipulated time-frame, the allotment may be cancelled and land offered to the next developers.

22. The Committee had noted with concern the appropriation of prime land by private developers in the guise of Wind Power Programme. The Committee has been informed that the Union Government have issued detailed guidelines/Policy statements to curb such nefarious activities. Government's initiative in this area include, inter alia, strengthening of institutional mechanism for speedier clearance, approval of wind power projects and cancellation of allotment of land where developers failed to execute the projects within the stipulated time-frame. The Committee would like to be informed of follow-up action taken by the States/UTs in this regard and details of cases where developers failed to develop wind-power projects within the stipulated time and had their land allotments cancelled.

C. Custom/Excise Duty on Silicon Wafer

Recommendation (SI. No. 7, Para 2.48)

23. The Committee had noted with concern that Solar Photovoltaic Programme had not picked-up, inspite of the subsidies offered by the Government owing to high and prohibitive capital cost. For instance, power generated through SPV power plant, cost anything between Rs. 35-38 crore per MW. Similarly, 900 Watt irrigation pumps cost Rs. 2.5 lakhs. As a result, their use had been restricted to a large extent. The present cost of production of solar cell in the country was very high. Eighty per cent of the requirement of silicon wafer, required for the manufacture of solar cells, was met through imports. The high incidence of customs and excise duty, made the manufacture of silicon wafer an expensive proposition. the Committee had recommended that for sustenance of SPV programme, steps should be taken to reduce the production cost of silicon wafer. In this context, the Committee had recommended that Government should not only reduce import duty on silicon wafer from present level of 30% to 4-5% the excise duty leviable, may also be abolished or reduced considerably.

24. The Ministry of Non-Conventional Energy Sources informed that they have impressed upon the Department of Revenue, Ministry of Finance, the need for reduction in customs duty and abolition of excise duty of. silicon wafers to reduce the cost of production of domestic solar cells and modules. Specific proposals in this regard were made to that Department before and after the presentation of Union Budget for 1999-2000. While the customs duty of 5% on import of silicon material and 15% on wafers has

been totally removed in the budget, the Excise duty on domestic manufacture of these items has been increased from 8% to 16%. The effective duty on import of silicon wafers has come down from 30.85% to 20.64%. The net effect of these changes is that the prices of domestically produced silicon wafers will go up and the domestic manufacturers of silicon wafers are at a relative disadvantage now as compared to the earlier situation.

25. Ministry of Finance in their reply informed that the Basic Customs Duty on silicon in all forms for the manufacture of silicon wafers and undiffused silicon wafers used for the manufacture of solar cells or solar cells modules has been reduced from 15% to Zero in the recent Budget 2000-2001. Excise Duty on silicon in all forms has gone up from 8% to 16% CENVAT with the introduction of single rate- CENVAT. Representations received for granting full exemption are under consideration.

25A. The Finance Minister, during the course of discussion on Finance Bill, 2000 informed the Lok Sabha on 3rd May, 2000 that Government have exempted Silicon from CENVAT w.e.f. 4th May, 2000.

26. The Committee had observed that Solar Photovoltaic Programme could not make much head-way due to prohibitive cost of raw material i.e. Silicon material and silicon wafer used for the manufacture of Solar cells or Solar cells modules. The Committee are happy to note that recognising the importance of SPV programme, Government have not only abolished the custom duty but also Excise Duty of Silicon. The Committee, hope and trust that with these measures, the Solar Photovoltaic Programme will get the necessary boost in popularising the Programme further.

Recommendation (S1. No. 13, Para 2.73)

27. The Committee had doubted the capability of the Ministry to utilise the budgeted amount fully since the Ministry were not able to achieve the physical and financial targets of Biomass Power Programme during the years 1997-98 and 1998-99 and yet a higher budgetary allocation had been sought for the year 1999-2000. The Committee had regretted that only 141 MW capacity out of the total potentiality of 19,500 MW had been harnessed and another 180 MW was in the pipeline. Considering the enviro-friendly, employment-oriented and vast potentialities available for the Biomass Power Programme, the Committee had recommended that the Government should renew their efforts and tap the potential.

28. The Government in their reply have indicated that the physical achievement under the Biomass Power Programme could not be achieved as one Project of 5 MW capacity could not be commissioned and B.E. was also reduced to Rs. 2.05 crore or original provision of Rs. 7 crore. However, it was restored up to B.E. level at the fag end of the financial year and henceforth 93% of the B.E. level was spent during 1997-98. During 1998-99, the physical as well as Financial Targets were met as total expenditure was Rs. 7.05 crore against the target of Rs. 7.00 crore and physical achievement was 43.5 MW against target of 40 MW. As regards with the slow pace of harnessing the potentialities of Biomass Power in the country, the Government in their reply informed that the

Programme itself was launched during 1994-95 and it took time to prepare a conducive policy framework, creation of a favourable financial base and technical support/hardware base etc. The Government assured that the implementation of the Programme during the current year onward is expected to get accelerated and higher current year's allocation is almost utilised.

29. The Committee acknowledge the high potentials of 19,500 MW of enviro-friendly Biomass Power which if harnessed properly would have a long lasting impact on the life style of rural India. But the Committee are perturbed to note the inadequate utilization of the budgeted amount and the slow pace of harnessing the potentialities i.e. 141 MW only during the last 5 years. The Committee hope and trust that the Government would renew their efforts for tapping the potential as speedily as possible. The Committee recommend that all incentives and concessions should be extended for promotion of Biomass Power Programme.

Investment in Biomass Power Programme

Recommendation (81. No. 14, Para 2.74)

30. The Committee had noted that under the National Programme on Biomass Power Generation during the year 1998-99, as against the physical target of 40 MW of generating capacity, only 20.5 MW could be realised. At the same time the budgetary allocation of Rs. 7.50 crore was reduced to Rs. 7 crore at R.E. stage. The Committee had not accepted argument put forth by the Ministry the that there was no direct correlation between budgetary allocations and physical targets on annual basis and observed that it would be difficult to judge the appropriation of public fund in the absence of any such correlation between these two parameters. The Committee had therefore, desired that the Government should ensure that the investment made should yield the desired results.

31. The Ministry of Non-Conventional Energy Sources in their note have stated that the budgetary allocation which was reduced to Rs. 7 crore from Rs. 7.5 crores was fully utilised, and the target of 40 MW also exceeded by 31st March, 1999. The Government have further stated that the projects are considered for financial assistance only after they achieve financial closure from the FIs. The gestation period is 18 to 24 months for commissioning. The BE provision is utilised for subsequent/committed releases to projects sanctioned in the previous year(s), as also for supporting new projects taken up during the year. For new projects, only a fraction of the eligible financial support is released initially, with further releases being linked to the progress/disbursal of loans by FIs. The targets given are in terms of MWs from projects commissioned during the year. As such the budgetary allocations and physical targets for the same year are not correlated. Results against investments made in a project for which releases are spread over two to three years, can be evaluated after it has been commissioned.

32. The Committee fail to understand as to how it would be possible to assess the appropriation of funds for any particular project without having any correlation between budgeted amount and the targets set for the year. In other words, in the

absence of any such correlation it would be difficult to judge the extent of desirability of the investment made and its future requirement. The Committee, therefore, reiterate their earlier recommendation and desire that the Government should ensure that the investment made in a particular year should yield some specific results.

CHAPTER –II

RECOMMENDATIONS/ OBSERVATION THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (S1. No. 1, Para 2.9)

The Committee noted that the Budgetary allocation for the year 1999-2000 has been placed at Rs. 358.32 crore against revised estimates of Rs. 304.42 crore for the year 1998-99 and BE of Rs. 407.06 crore. The Committee note that last year the cut was imposed by the Ministry of Finance due to slow pace of expenditure by MNES. The Committee hope and trust that this year the Ministry will make all out efforts to spread evenly its budgetary expenditure throughout the year so that there is no need for Ministry of Finance to imposes any cut at RE stage for this reason.

Reply of the Government

The Ministry is making all efforts to evenly spread its expenditure throughout the year. With effect from 1999-2000 the Ministry has prepared programme-wise quarterly physical and financial targets which are being closely monitored. In addition, the level of expenditure is reviewed monthly. An amount of Rs. 275.98 crores Gross Budgetary Support (GBS) was spent by end February, 2000 against the expenditure of Rs. 152.84 crores only during the corresponding period last year. The expenditure incurred is about 88% of GBS with respect to Revised Estimates by end February, 2000 during 1999-2000.

As far as IREDA is concerned, the budgetary provision for the year 1999-2000 and the progress is as under:

(Rs.in crore)

Source	**1999-2000**		**Status as on 9/3/ 2000**	**Balance**
	BE	**RE**		
1	2	3	4	5
Equity	42.00	42.00	42.00	0.00
Technology Commercialization Fund	2.00	0.50	0.00	0.50

1	2	3	4	5
IDA	46.19	46.19	46.19	0.00
Swiss Development Cooperation/Dutch	8.81	2.07	0.97	1.10
Total	99.00	90.76	89.16	1.60

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Comments of the Committee

(Please see para of Chapter of the Report)

Recommendation (SI. No. 2)

The Committee observe that a target of Rs. 411.11 crore out of total outlay Rs. 769.43 crore has been fixed for realisation of Internal and Extra Budgetary Resources (IEBR) during the year 1999-2000. Considering continued increase in the gap between BEs and REs from Rs. 19.66 crore to Rs. 33.04 crore during the year 1997-98 and 1998-99 respectively. The Committee are at a loss to understand the rationale behind fixation of such unachievable IEBR targets year after year. This amply prove that due care and caution was not exercised while formulating budgetary proposals resulting in slippage in the performance of plan activities for different schemes. The Committee, therefore, recommend that Ministry should take corrective actions in this regard and make realistic IEBR targets and formulate all out efforts to achieve those targets.

Reply of the Government

It may be submitted that the expenditure as on 31.1.2000 works out to Rs. 388.73 crores against the provision of BE Rs. 411.11 crores and that of RE Rs. 500.42 crores. As per indications available IREDA may achieve the target of the RE level.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Recommendation (Sl.No. 3)

Out of the total 90,000 MW grid power generating capacity in the country, the share of renewable energy sources is 1378 MW only. Of this 992 MW has been contributed by Wind Power Projects alone. While India has wind power potential of 20,000 MW which have been scaled up recently to 45,000 MW. At the present rate of achievement, it will take decades to fully exploit the potentials of wind energy. The budgetary allocations for the programme have been very less. During 1999-200, it is placed at Rs. 8.00 crore as against the year 1997-98 i.e. Rs. 4.85 crore, but the targets have been reduced from 150 MW to 100 MW during the same period and the achievements during the last two years were 67 MW and 23 MW as against the targets of 150 MW each for both the years. The Committee are unhappy to note that whatever little allocations were made, the Ministry could not utilise even those fully. The Committee desire that all out efforts be made by the Ministry to fully utilise the increased allocations for the year 1999-2000 and fulfil the targets laid down by it under various schemes.

Reply of the Government

Wind power projects are being set-up by the private sector as commercial projects availing fiscal incentives and facilities of wheeling, banking and buy-back being provided by the State Electricity Boards. The physical target has been worked out keeping in view the projects in the pipe-line in several States. Commercial projects aggregating to 44,203, 30 and 50 MW capacity are in pipe-line in Andhra Pradesh, Karnataka, Maharashtra and Tamil Nadu respectively. The budgetary allocations are used to provide support services such as R&D, wind resource assessment and setting up of limited number of demonstration projects. An Action Plan for the year 1999-2000 has been drawn up for meeting the physical and financial targets under the Wind Power Programme. An amount or Rs. 7.24 crore have already been released during the current year against a budgetary provision of Rs. 8 crore and revised estimates of Rs. 7.8 crore. 56 MW capacity has already been added during the current year upto the end of December, 1999. IREDA has also sanctioned loan of Rs. 170 crore for wind power projects aggregating to 62 MW during the current year. It is expected that the increased funds will be fully utilised and the physical target of 100 MW set for the year will be achieved.

Comments of the Committee.

(Please see para 10 of Chapter I of the Report)

Recommendation (Sl. No. 4)

As regards to the various steps taken by the Ministry to remove the problems faced by the private developers, the Committee, desire that Government should impress upon the State Government / SEBs, the imperative need to develop wind potential, earnestly. The Committee also recommend that Government should prepare a shelf of wind projects with all statutory clearances, so that private sector and other Navrathnas and Miniratnas can develop these projects expeditiously. SEBs should take steps to extend grid and upgrade Sub-stations and create power evacuation facilities the Committee would also like to emphasise the need to operate and maintain the existing wind projects. The Committee have noted that the Concessional duty import is permitted for setting up new wind farms. However, the spares required for the maintenance of existing units, as imposed on new machines for electric generations at wind farms.

Reply of the Government (MNES)

The Ministry is taking up at the level of Chief Minister and Chief Secretary the need for faster exploitation and removal of bottlenecks in the potential States. On the pattern of Madhya Pradesh, other States have also been requested to set up Wind Energy Estates, for which all statutory clearances can be provided at inception. The State Agencies and State Electricity Boards have been advised to take necessary action for faster clearances; and advanced development of infrastructure, including extension of grid lines, upgradation of sub-station and creation of power evacuation facilities at potential windy sites. They have also been requested to clear projects proposed by Public Sector Undertakings/ Central Power Utilities expeditiously. Detailed Guidelines have been issued to State Electricity Boards, Nodal Agencies, Manufacturers and developers for operation and maintenance of the existing wind power projects. Matter was taken up with the Ministry of Finance at Ministers level to allow import of spare parts at concessional custom duties as available for parts for manufacture of new machines, which has not been agreed to.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-
P&C, Dated 14.3.2000]

Reply of the Ministry of Finance

Presently, parts for the manufacture of wind electric generations are allowed concessional rate of duty of 5% (BCD)+CVD (on merit). The CVD for most of the parts and equipment is 'Nil' as the Central Excise duty on them is 'Nil'. This rate is the same as applicable to wind electricity generators. The concessional rate is in the nature of an end-use exemption. Its implementation can be monitored because wind electricity generator manufacturers are under excise control. However, it is not feasible to effectively monitor the concession, if allowed, on parts for maintenance. In fact due to difficulty of implementation, in several other sectors also concession is allowed for manufacture alone and not for maintenance.

Comments of the Committee

(Please see paras 14 & 15 of Chapter 1 of the Report)

Recommendation (Sl. No. 6)

The Committee have noted with concern the growing tendency on the part of private sector entrepreneurs in appropriating prime land, far in excess of their requirement for setting up wind farms. The Committee, desire that such practices need to be curbed immediately. The Committee, therefore, recommend that suitable guidelines, in this regard should be framed and communicated to the State Governments for compliance. At the same time, the Committee emphasis that institutional mechanism be strengthen for timely clearance and approval of projects.

Reply of the Government

The State Governments have been requested to strengthen the institutional mechanism for speedy clearance and approval of wind power projects. The setting up of a ‘single window’ facility in the States for this purpose has also been suggested, as also a separate NCES Division in each SEB to deal with all aspects of power generation from non-conventional energy sources, including clearance & approval of projects. Further, they have also been advised to consider strictly as per requirement in Detailed Project Reports, allotment of land for wind power projects to the serious investors only; in case no activity is initiated by the private developers within a stipulated time-frame, the allotment may be cancelled and land offered to the next developer.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Comments of the Committee

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

Recommendation (Sl. No. 7)

The Committee are concerned to note that Solar Photovoltaic Programme which have laudable schemes for use as heat and light, has not picket-up inspite of the subsidies offered by the Government owing to high and prohibitive capital cost. For instance, power generated through SPV power plant cost anything between Rs. 35-38 crore per MW. Similarly, 900 Watt irrigation pumps costs Rs. 2.5 lakhs. As a result, their use has been restricted to a large extent. The present cost of production of solar cell in the country is very high. Eighty per cent of the requirement of silicon wafer required for the manufacture of solar cells is met through imports. The high incidence of customs and excise duty, make the manufacture of silicon wafer an expensive proposition. The Committee recommended that for the sustenance of SPV programme steps should be taken to reduce the production cost of silicon wafer. It is in this context, the Committee recommend that Government should not only reduce import duty on silicon waster from present level of 30% to 4-5% the excise duty livable, may also be abolished or reduced considerably.

Reply of the Government (MNES)

The Ministry had impressed upon the Department of Revenue, The Ministry need for reduction in customs duty and Ministry of Finance the need for reduction in customs duty and abolition of excise duty on silicon wafers to reduce the cost of production of domestic solar cells and modules. Specific proposals in this regard were made to the Department prior to the union Budget this regard were made to that Department prior to the for 1999-2000. The matter was taken up with them after the presentation of the budget also. The Observations of the committee have also been brought to their notice.

The Ministry made fresh recommendations for the budget 2000-01 regarding abolition of Excise duty and reduction in the customs duty on silicon wafers. While the customs duty of 5% on import of silicon material and 15% on wasters has been totally removed in the budget, the Excise duty on domestic manufacture of these items has been increased from 8% to 16%. The effective duty on import of silicon wafers has come down from 30.85% to 20.64% . The net effect of these changes is that the prices of domestically produced silicon wafers will go up and the domestic manufactures of silicon wafers are at a relative disadvantage now as compared to the earlier situation.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Reply of the Ministry of Finance

"In the recent Budget, 2000-2001 the Basic Customs Duty on silicon in all forms for the manufacture of silicon wafers and undiffused silicon wavers used for the manufacture of solar cells or solar cell modules has been reduced from 15% to Zero.

Excise duty on silicon in all forms has gone up from 8% to 16% Cenvat with the introduction of single rate-Cenvat. Representations received for granting full exemption are under consideration".

Comments for the Committee

(Please see para 26 of Chapter I of the Report)

Recommendation (Sl.No. 8 Para 2.49)

The Committee have learnt that Government had in May 1997 decided to undertake survey of unelectrified villages and prepare a comprehensive list of 18,000 villages believed to be in remote and isolated areas where grid supply is not feasible [vide 9th Report (1998-99) Twelfth Lok Sabha of Standing Committee on Energy]. The Committee have noted that the only hope of these villages for electrification through SPV system has been belied as the proposal has not been moved beyond planning stage, even after a lapse of 2 years. The Committee view this with serious concern and recommend that MNES in conjunction with REC should take up the task of electrification of these villages, without any further delay in a time-bound manner and apprise the Committee about the progress made with 3 months of presentation of this Report.

Reply of the Government

For the past several years, the Ministry has been supporting the installation of solar home lighting systems and small power plants with a view to bringing the benefits of electricity to unelectrified villages. A number of villages have been electrified through the installation of photovolatic systems and power plants in the States of Rajasthan, Uttar Pradesh, West Bengal, Jammu & Kashmir, Arunachal Pradesh, Assam, Manipur, Meghalaya and Tripura. The Ministry also proposes to take up a programme covering 100 villages during the year 2000-2001.

The recommendation of the Committee has been brought to the notice of the Rural Electrification Corporation (REC). The Ministry has offered to co-sponsor studies and surveys aimed at preparing a list of 18000 villages, their geographic and demographic features and identifying appropriate renewable energy technologies to electrify them. Separately, the Ministry has got lists of unelectrified villages in certain border areas compiled through the help of para-military forces. The Central Electricity authority and REC are continuing their efforts to compile information from various States.

The Planning Commission has constituted a Working Group in November, 1999 on 'Options for Rural Electrification Corporation in Remote and Difficult Areas . The terms of reference of the Working Group are to suggest a policy approach for electrifying the remaining villages including remote villages which may not be connected by conventional electricity grid due to the economic reasons; and to examine if there is a need for a separate agency to electrify the remaining villages. The Working Group is studying the matter. Keeping in view the importance of the issue, the Ministry proposes to include the electrification of 4500 villages out of the reported 18000 villages as one of the goals of the Renewable Energy Policy statement which is being finalized.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Recommendation (SL.No. 9 Para 2.50)

The Committee have observed that in the absence of maintenance and after the sale services, completed projects and Systems/ Programme are not yielding desired results. The Committee are of the view that, the projects of programmes once completed ought to be continuously monitored to ensure their operations with optimum efficiency. The Committee, therefore, desire that a separate cell should be constituted in the Ministry for purpose. It should carry out spot visits and ensure running of the systems unhindered.

Reply of the Government

For ensuring satisfactory performance of the SPV systems being installed under the programme, the ministry has taken the following steps:

(a) It has laid down detailed technical specifications for the SPV systems i.e. solar lanterns, solar home systems and street lighting systems. These specifications are reviewed and updated periodically.

(b) It is mandatory for all the manufacturers/suppliers to get their solar lantern samples tested and certified from the MNES Solar Energy Centre and other authorized Test Centres that these conform to the latest MNES specifications for solar lanterns. This stipulation will be made mandatory from 2000-2001 for solar home systems and street lighting systems also.

(c) It is mandatory for the Spy systems supplied under the programme to carry a warranty for one year for the complete Spy system including battery and ten years for the PV modules.

(d) The implementing organizations are required to place orders only on those manufacturers / suppliers of SPV systems who are in a position to provide 4 years Annual Maintenance Contracts (AMCs) after the one year warranty period. This is expected to lead to the establishment of after-sales networks.

The Ministry has established nine regional offices in different parts of the country, the main function of which is to carry out field visits and inspections of various renewable energy systems. Reports from such visits are forwarded to the concerned State implementing organization for remedial actions.

Following the Committee's observation, all regional offices have been again asked to regularly inspect the systems being installed under the Spy Programme and send reports to the Headquarters. Field reports have been received from some of the Regional Offices of MNES about the performance of Spy systems installed under the programme. These reports by and large indicate satisfactory performance of the systems. Separately, in the administrative order on the Solar Photovoltaic programme for 1999-2000, the State Governments have been asked to set up monitoring arrangements to closely review the implementation of the programme. The functions of a monitoring cell are thus carried out through the regional offices of MNES and the arrangements set up by the State Governments.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Recommendation (Sl.No. 10 Para 2.51)

Solar Photovoltaic Water Pumping System for Agriculture and Related uses is one of important programme in ameliorating the quality of life particularly the farmers living in rural areas. But, the Committee note with serious concern that the programmes relating to Spy Water Pumping System for Agriculture and Related uses are languishing. During 1997-98, the actual expenditure was as low as Rs. 50 lakh out of Rs. 13 crore (RE) earmarked. The Committee feel that the Government should take steps for effective implementation of the scheme.

Reply of the Government

Government agrees with the recommendation. The programme has been restructured for the remainder of the Ninth Plan for implementation within the available outlay. Certain modifications have been made to provide for greater flexibility in implementation. These include: (a) Capacity limit of the PV array in the Spy water pumping systems has been enhanced from the existing 2250 watts to 3000 watts; (b) To facilitate purchase of higher capacity pumping systems, the upper ceiling on subsidy amount has been enhanced from Rs. 2 lakhs per system to Rs. 2.5 lakhs per system based on the actual capacity of the pumping system. The rate of subsidy continues to remain as Rs. 125 per watt of PV array capacity actually used in the system; (c) The maximum limit for the loan has been increased to 90% of the unsubsidised price of the system. The existing ceiling on the loan amount based on the capacity of the PV array used in the system has been abolished. The programme will be implemented through lREDA, State Nodal Agencies, and user organisations.

During 1999-2000 a total of 308 Spy water pumping systems were installed by February, 2000. A target of 500 Spy water pumping systems has been fixed for the year 1999-2000 programme. The actual expenditure under the programme till February, 2000 was Rs. 654 lakhs, against the RE of Rs. 700 lakhs.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Recommendation (SI. No. 11, Para 2.52)

The Committee note that out of the Nine States and two UTs. that have been fully treated as High Focus Areas under the Photovoltaic programme, four North Eastern States have no Nodal Agencies and some others have been suffering from severe law and order problems for the last many years. This resulted in either no or very low achievements during the last two years (particularly in power projects and street lighting systems). The Committee, therefore, would like to suggest that the States which have High Focus Areas are given encouragement to ensure the fulfillment of the targets in their areas. The Government should also ensure that the funds earmarked for these projects are not diverted for any other purpose.

Reply of the Government

Government agrees with the recommendation. The Ministry has started a scheme to provide support for the establishment of nodal agencies in the North-Eastern States. As a result, except Assam all the North Eastern States including Sikkim have established renewable energy development agencies. Some of these agencies have been established recently. To ensure that the programme implementation does not suffer for want of funds, the Ministry released 95% of its share of the projects in advance during 1998-99 to the North-Eastern States. In the current year (1999-2000), 50% of the grant has already been released. Funds earmarked for these projects have not been diverted for any other purpose by the Ministry.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Recommendation (Sl.No.12, Para 2.63)

The Committee have observed that energy from waste is yet another programme for improving the quality of life in rural areas. It makes available a valuable energy source, which can be used for generation of heat or electricity. In the rural sector this will have additional positive impact on the quality of life, deforestation etc. Additionally, this can also generate valuable sludge which can be used as manure. The Committee are distressed to note the slow progress made in uti1ising the funds and realising the given targets fully. As against the actual expenditure of Rs. 62 lakh during 1997-98 and anticipated expenditure of Rs. 6.00 crore during 1998-99, the Ministry have been given Rs. 12.00 crore for the year 1999-2000. The administrative slackness appear to be instrumental in neither meeting the physical targets nor achieving the financial goals. The Committee would like to emphasise the development of a comprehensive plan so that the amount asked for is utilised fully. the Committee suggest that results achieved/date collected at the demonstration projects should be widely publicised amongst entrepreneurs so that private investment can be attracted in this field.

Reply of the Government

The Waste-to-Energy Programme launched by the MNES during the year 1995-96, has been modified during subsequent years on the basis of feed back received from the various agencies concerned in order to make it more conducive and attractive to the Urban Local Bodies, State Nodal Agencies, Project Promoters, Technology Providers and Financial Institutions etc. During the initial phase of its implementation, much progress could not be made due to lack of several factors such as non-availability of demonstration units, lack of confidence among the promoters, technical manpower, absence of conducive policies of the State Governments besides a multiplicity of the agencies/Government Departments which were involved. Initial proposals also took a lot of time and effort in effecting tie-ups for technology, land allotment, finances and sale of power, clearances from the Pollution Control Board and Urban Local Bodies before the execution could be started.

2. Impact of modifications made in the waste-to-energy programme for giving emphasis on installation of demonstration projects through involvement of private sector has led to commencement of work at one project of 4 MW capacity for generation of power from Municipal Solid Waste of Nagpur city and another project of 1 MW capacity for generation of power from poultry wastes in Tamil Nadu. These demonstration projects have been taken up by the private sector on Build Own and Operate basis. Two more projects for generation of power from Municipal Solid Waste for the cities of Chennai and Lucknow have also been developed by the private sector. Further, one project for production of 105 tonnes per day fuel pellets from Municipal Solid Waste of Hyderabad city has also been commissioned during the current year. The work on its 2nd stream of the same capacity is also in the progress and is likely to be commissioned during the next financial year. These projects will help in the process of confidence building as well as in. the selection and adaptation of appropriate imported technology. Efforts are also being made to develop indigenous waste-to-energy conversion technologies with the active role of R&D Institutions and participation of Industries/Private Entrepreneurs.

3. The Ministry is also organising Training Programmes both within the country and abroad for the development of technical manpower at the various levels. International/National Workshops, Seminars, Business Meets are being organised for raising awareness, finding solutions for various problems and development of new project proposals in the urban and industrial sector.

4. In view of the above, expenditure on this programme has increased during the current year and is expected to increase further in the coming years. As far as the physical target is concerned, the waste-to-energy projects with an aggregate capacity of 8.4 MWe have been installed during the current year against a target of 6 MWe.

The Committee suggest that results achieved/data collected at the demonstration projects should be widely publicised amongst entrepreneurs so that private investment can be attracted in this field:

5. The demonstration projects are being monitored through various technology institutions and State Nodal Agencies and performance data is regularly collected. Details of such projects have been published in a quarterly news letter "Bio Energy News" being published by the Ministry. This Newsletter is being sent to Planners, Project Promoters, Technology Providers, Financial Institutions, Scientists & Technocrats, R&D Institutions, Urban Local Bodies, etc. Success stories of the various demonstration projects being installed in the country are also published in this newsletter for providing latest information in respect of energy recovery projects both within the country as well as abroad to all concerned. This magazine is now available on the internet also to enable widest possible access. Special training programmes are also being organised for representatives of various organisations concerned in the concerned technologies.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99 P&C, Dated 14.3.2000]

Recommendation (SI. No. 13)

The Committee note that financial & physical targets of Biomass Power Programme have not been met during the years 1997-98 and 1998-99. But a higher budgetary allocations which is more than double of the last year allocations has been sought for the year 1999-2000. The Committee doubt whether the Ministry would be able to utilise the budgeted amount fully. The Committee have observed that biomass can constitute 14% of the world energy resources and 38% for the energy consumed in the developing countries. The power projects based on biomass also offer new avenues for employment through collection, storage, handling and efficient utilisation of biomass material. There exists 19,500 MW of Biomass Power potential consisting of 16,000 from, surplus biomass and 35,00 MW from bagasse (co-generation) in the existing sugar mills. The Committee are constrained to note that only 141 MW capacity has been harnessed and another 180 MW is under construction. The Committee are of the opinion that in spite of incentives offered, promotional activities undertaken and technology base provided. the results are not encouraging. The Committee are of the view that this new frontier, offer environment benign technology which has immense potential and recommend that Government should renew their efforts and tap the potential.

Reply of the Government

During 1997-98 physical achievement under the Biomass Power Programme was somewhat less than the target fixed as one project of 5 MW capacity got delayed and could not be commissioned. BE during 1997-98 was reduced to Rs. 2.05 crore from original provision of Rs. 7 crores. The same was later restored upto BE level at the fag end of the Financial Year. The expenditure was still above 93% of the BE level. During 1998-99, the Physical, as well as Financial Targets, were met as total expenditure was Rs. 7.05 crores against the target of Rs. 7 crores, and physical achievement was 43.5 MW against target of 40 MW.

It is true that biomass power has good potential of about 19,500 MW in the country. The Programme was, however, initiated only in the year 1994-95. It has taken some time for a conducive policy framework to be created in potential States for purchase / Sale of power from Biomass /cogeneration projects. Similarly, creation of a favourable financing base and technical support / hardware base took some time. Such preparatory and initial stages have been overcome to a reasonable extent. The implementation of the programme during the current year onwards is expected to get accelerated, and the higher current years allocation is almost utilised and there is likely to be over expenditure. The physical target of 40 MW for the current year is already over achieved by 11 MW. Additional support measures, financing and implementation models are being considered towards renewed efforts to tap the available potential.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99 P&C, Dated 14.3.2000]

Comments of the Committee

(Please see para 29 of Chapter I of the Report)

CHAPTER III

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

CHAPTER IV

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

Recommendation (SI. No. 5)

The Committee note that to have investment in wind programme, 100% accelerated depreciation has been allowed to private companies, whereby cent per cent investment in wind energy is permitted to be depreciated in the first year of installation. However, the impetus of wind energy was affected to a large extent by introduction of Minimum Alternative Tax (MAT). As all the companies will be required to pay 10% minimum tax, the Committee are of the view that as the success of wind power programme depends entirely on the level of private sector participation, such a tax will impede the development of wind power. The Committee, while recommending that 100% depreciation be allowed to continue in the entire period of 9th Plan, also desire that investments made in wind power projects, be exempted from MAT, if it is in force.

Reply of the Government (MNES)

Finance Ministry have been requested to continue the 100% accelerated depreciation facility during the entire Ninth Five Year Plan Period, and exempt investments made by private investors in wind power projects from MAT, where it is in force. There has not been any change in depreciation in the year 2000-01, however MAT has not been exempted on investment made in wind power projects. A uniform rate of 7.5% have been introduced towards MAT in Budget for 2000-01 on all companies as against the earlier rate of 10.5%.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Reply of the Ministry of Finance

(i) There is no proposal at present to alter the existing rates of 100% depreciation currently available to wind power generating machinery.

(ii) The provisions of MAT are not applicable to profits derived from the business of generation or generation and distribution of power, by an industrial undertaking. There are no provisions of exempting investments in any sector under MAT.

(iii) As the demand side incentive is available in the form of 100% depreciation, this constitutes a major incentive to give impetus to generation of non-conventional energy. Minimum Alternate Tax on the other hand is applicable only if companies have book profits under the Companies Act. The Finance Bill, 2000 proposes to widen the base of taxable income to generate more resources. Apart from phasing out concessions in export earnings, MAT provisions have been modified. The new MAT reduces the tax incidence from 10.5% to 7.5% but is made applicable to all companies without exception.

Companies engaged in generation of power are also covered under proposed MAT. In the light of this backdrop, it may not be desirable to make sectoral exclusions from MAT to retain the efficacy of the provision and to ensure that it meets the desired objective.

Comments of the Committee

(Please see Para 19 of Chapter I of the Report)

Recommendation (Sl.No. 14)

The Committee note that during the year 1998-99 budgetary allocations was Rs. 7.50 crore which was reduced to Rs. 7 crore at RE, but so far achievement of targets is concerned, against the target of 40 MW only 20.5 MW could be achieved upto 31.12.98. The Ministry's argument that there is no direct correlation on annual basis between budgetary allocations and physical targets is difficult to accept. Without any correlation between these two parameters, it would be difficult to judge as to how far the investment made from the public fund is desirable and should continue to be made. The committee, therefore, desire that the Government should ensure the investment made should yield the desired results.

Reply of the Government

During 1998-99, the budgetary allocation which was reduced to Rs. 7 crore from Rs. 7.5. crore was fully utilized, and the target of 40 MW also exceeded by 31st March, 1999. The projects are considered for financial assistance only after they achieve financial closure from the FIs. The gestation period is 18 to 24 months for commissioning. The BE provision is utilised for subsequent/ committed releases to projects sanctioned in the previous years (s) as also for supporting new projects taken up during the year. For new projects, only a fraction of the eligible financial support is released initially, with further releases being linked to the progress disbursal of loans by FIs. The targets given are in terms of MWs from projects commissioned during the year.

In view of the above, budgetary allocations and physical targets for the same year are not co-related. Results against investments made in a project for which releases are spread over two to three years, can be evaluated after it has been commissioned.

[Ministry of Non-Conventional Energy Sources O.M. No. 8/2/99-P&C, Dated 14.3.2000]

Comments of the Committee

(Please see Para 32 of Chapter I of the Report)

CHAPTER V

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

-Nil-

NEW DELHI;
11 May, 2000
21 Vaisakha, 1922 (Saka)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

ANNEXURE –I

EXTRACTS OF THE MINUTES OF THE SECOND SITTING OF THE ACTION TAKEN SUB-COMMITTEE OF STANDING COMMITTEE ON ENERGY (1999-2000) HELD ON 2ND MAY, 2000 IN ROOM NO. 134, PARUAMENT HOUSE ANNEXE, NEW DELHI

The Sub-Committee met from 16.00 hours to 17.20 hours

PRESENT

1.	Shri Vijayendra Pal Singh Badnore	Convenor
2.	Shri Basudeb Acharia	
3.	Shri Ved Prakash Goyal	
4.	Shri Anantha Sethi	
5.	Prof. Ummareddy Venkateswarlu	

SECRETARIAT

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

At the outset, Convenor, Sub-Committee on Action Taken Reports welcomed the Members to the sitting of the Sub-Committee.

2. Thereafter, the Sub-Committee considered and adopted the following Draft Reports with some modifications:-

(i) ** ** **

(ii) ** ** **

(iii) Action Taken by the Government on the recommendations contained in the Seventeenth Report of the Standing Committee on Energy (1998-99) on Demands for Grants 1999-2000 relating to the Ministry of Non-Conventional Energy Sources.

3. The Sub-Committee authorised the Convenor to finalise the Reports and submit these to the Chairman for consideration by the Standing Committee on Energy.

The Sub-Committee then adjourned.

ANNEXUR-II

EXTRACTS OF THE MINUTES OF THE NINTH SITTING OF STANDING COMMITTEE ON ENERGY (1999-2000) HELD ON 11TH MAY, 2000

The Committee met from 09.30 hours to 10.20 hours

PRESENT

Shri Sontosh Mohan Dev -Chairman

MEMBERS

2. Shri Vijayendra Pal Singh Badnore
3. Shri Lal Muni Chaubey
4. Shri M. Durai
5. Shri Sanat Kumar Mandal
6. Shri Amar Roy Pradhan
7. Shri Ravindra Kumar Pandey
8. Shri Harpal Singh Sathi
9. Shri Manoj Sinha
10. Shri P.R. Khunte
11. Shri Girdhari Lal Bhargava
12. Shri Trilochan Kanungo Shri
13. Shri Gandhi Azad
14. Shri Brahamakumar Bhatt
15. Shri Vedprakash P. Goyal
16. Shri Sontosh Bagrodia
17. Shri Ramamuni Reddy Sirigireddy

SECRETARIAT

1. Shri John Joseph - Joint Secretary
2. Shri P.K. Bhandari - Deputy Secretary
3. Shri R.S. Kambo - Under Secretary

At the outset, Chairman, welcomed the Members to the sitting of the Committee.

3. Thereafter, the Committee considered and adopted the following Draft Reports with some modifications:-

(i) ** ** **

(ii) ** ** **

(iii) Action Taken by the Government on the recommendations contained in the Seventeenth Report of the Standing Committee on Energy (1999-2000) of the Ministry of Non-Conventional Energy Sources.

(iv) ** ** **

4. ** ** **

5. The Committee authorised the Chairman to finalise these Reports after making consequential change arising out of factual verification by the concerned Ministries and to present the same to both the Houses of Parliament.

6. ** ** ** **

The Committee then adjourned.

** Para 3(i), (ii) and (iv), 4 and 6 relating to other matters have not been included.

ANNEXURE III

(Vide Para 4 of Introduction)

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

I.	Total No. of Recommendations made	14
II.	Recommendations that have been accepted by the Government (vide recommendations at S1. Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12 and 13)	12
	Percentage of total	86
III	Recommendations which the Committee do not desire to pursue in view of the Government's replies	NIL
IV	Recommendations in respect replies of the Government have not been accepted by the Committee (vide recommendation at Sl. Nos. 5 and 14)	2
	Percentage of total	14
	Recommendations in respect of which final replies of the Government are still awaited	Nil