

24

**STANDING COMMITTEE
ON ENERGY
(2011-2012)**

FIFTEENTH LOK SABHA

MINISTRY OF NEW AND RENEWABLE ENERGY

*[Action Taken on the recommendations contained in the Eighteenth Report
(15th Lok Sabha) on Demand for Grants of the Ministry of
New and Renewable Energy for the year 2011-12]*

TWENTY-FOURTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2011/Pausa, 1933 (Saka)

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STANDING COMMITTEE ON ENERGY
(2011-2012)

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*[Action Taken on the recommendations contained in the Eighteenth Report
(15th Lok Sabha) on Demand for Grants of the Ministry of
New and Renewable Energy for the year 2011-12]*

Presented to Lok Sabha on 29.12.2011

Laid in Rajya Sabha on 29.12.2011



LOK SABHA SECRETARIAT
NEW DELHI

December, 2011/Pausa, 1933 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON ENERGY (2011-12)

Shri Mulayam Singh Yadav — *Chairman*

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2. Shri Suwendu Adhikari
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22. Shri Govindrao Adik
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SECRETARIAT

- | | | |
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| 1. Shri Brahm Dutt | — | <i>Joint Secretary</i> |
| 2. Shri N.K. Pandey | — | <i>Additional Director</i> |
| 3. Shri Rajesh Ranjan Kumar | — | <i>Deputy Secretary</i> |
| 4. Smt. L. Nemjalhing Haokip | — | <i>Executive Officer</i> |

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 24th Report on the action taken by the Government on the recommendations contained in 18th Report of the Standing Committee on Energy (15th Lok Sabha) on Demand for Grants of the Ministry of New and Renewable Energy for the year 2011-12.

2. The 18th Report was presented to the Lok Sabha/laid in Rajya Sabha on 17th August, 2011. Replies of the Government to all the recommendations contained in the Report were received on 16th November, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 28th December, 2011.

4. An Analysis on the Action Taken by the Government on the recommendations contained in the 18th 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;
28 December, 2011
07 Pausa, 1933 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Observations/Recommendations contained in their Eighteenth Report (Fifteenth Lok Sabha) on the Demands for Grants of the Ministry of New and Renewable Energy for the year 2011-12.

2. The Eighteenth Report was presented to Lok Sabha on 17th August, 2011 and was laid on the Table of Rajya Sabha on the same day. The Report contained 8 Observations/Recommendations.

3. Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Government. These have been examined and categorized as follows:

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

Serial Nos. 1, 2, 3, 4, 5 and 7

Total-06
Chapter-II

- (ii) Observation/Recommendation which the Committee do not desire to pursue in view of the replies of the Government:

Nil

Total-00
Chapter-III

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

Serial Nos. 6 and 8

Total-02
Chapter-IV

- (iv) Observation/Recommendation in respect of which the final replies of the Government are still awaited:

Nil

Total-00
Chapter-V

4. The Committee desire that Action Taken Notes on the Observations/Recommendations contained in Chapter-I of the Report may be furnished to the Committee within three months of the presentation of this Report.

5. The Committee will now deal with action taken by the Government on some of their Observations/Recommendations that require reiteration or merit comments.

A. WIND ENERGY PROGRAMME

Recommendation (Sl. No. 6, Para No. 2.7)

6. In view of the performance of the Ministry under Wind Energy Programme during 2010-11, in which they had surpassed the targets, the Committee had expressed confidence that the Ministry would easily achieve the physical target of 2400 MW set for the year 2011-12 thereby surpassing the 11th Plan target of 9000 MW. The Committee had recommended that the Ministry should play a proactive role in conducting a survey for identifying the potential of the sector particularly in the coastal area and play the role of a catalyst in the promotion of the sector making it an investor friendly venture and also to initiate Action Plan for the next Five Year Plan in order to generate more power from wind energy.

7. The Ministry in their Action Taken Reply have stated as under:

“Ministry is taking necessary steps in carrying out wind resource assessment to identify the potential sites for wind power projects. It is continuously putting efforts to make this sector investor friendly and to promote orderly growth of the sector. Out of the target of 9000 MW set for 11th Plan, a capacity of 8465 MW has been installed up-to September, 2011. During the current year *i.e.* 2011-12, a capacity of 1400 MW has been installed up-to September, 2011 and another 1200 MW is expected by March, 2012. With this, it will be possible to achieve the physical target of 2400 MW set for 2011-12 and also the 11th Plan target”.

8. The Committee note that against the 11th plan target of 9000 MW, a capacity of 8465 MW has been installed as on September, 2011. Further, against a target of 2400 MW for the year 2011-12, a capacity of 1400 MW has been installed up to September, 2011. The Ministry is expecting another capacity addition of 1200 MW by March, 2012, which if achieved, would surpass the physical target set for 2011-12 and also 11th plan target. The Committee trust that

the Ministry with their sincere efforts would be able to achieve the targets and set a landmark of progress in the field of wind energy. On the other hand, on the issue taking necessary steps in carrying out wind resource assessment to identify the potential sites for wind power projects and putting efforts to make the sector investor friendly, the Ministry have not stated the specific steps taken by them in this regard. The Committee, therefore, would like to reiterate their earlier recommendations that Ministry should play a proactive role in conducting a survey for identifying the potential sites for wind power projects and also play the role of a catalyst in the promotion of the sector making it an investor friendly venture. The Committee would like to be apprised of the action taken in this regard.

B. REMOTE VILLAGE ELECTRIFICATION PROGRAMME (RVEP)

Recommendation (Sl. No. 7, Para No. 2.8)

9. The Committee had noted that against the 11th Plan target for electrification/illumination of 10,000 villages/hamlets under RVE Programme, as on 28th February, 2011, 4810 villages/hamlets had been electrified and work was under implementation in 3354 villages/hamlets. The Committee had pointed out that one of the reasons for the slow implementation of RVEP is the poor coordination between the implementing agencies under RVEP and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). Therefore, for faster and effective implementation of the RVE Programme, the Committee had recommended that the MNRE in consultation with Ministry of Power may set up a Coordination Committee consisting of representatives from various implementing agencies at the required level which will facilitate and monitor implementation of the two programmes under RGGVY and RVEP specifically in identification of villages and hamlets which will be covered under the respective programmes.

10. In their Action Taken Reply, the Ministry have stated as under:

“The Ministry is taking up the Remote Village Electrification (RVE) Programme actively. The Ministry on its part is continuing its efforts to persuade the State Governments through continuous review meetings at various levels for identification of villages & hamlets and their timely completion. The concerned State Governments have a major role to play in identification of remote villages to be covered under RVE Programme and their expeditious implementation as electrification of unelectrified villages and selection of mode for their electrification are in the domain of the

respective States. The Ministry may reach the target only if the states actually demarcate the villages and hamlets, survey these villages, prepare proposals for support, mobilize matching state share and take other necessary action for timely implementations. The Ministry continues to liaise with the state implementing agencies on a regular basis to complete the projects in time. In so far the achievement of target in RVE during the 11th plan period is concerned, 6700 villages and hamlets have been sanctioned. In addition, 2824 villages and hamlets, which were sanctioned earlier, are ongoing. Thus all together, in the 11th Plan, 9524 villages and hamlets are sanctioned/ongoing and 5665 villages and hamlets have been completed as on 30th September, 2011.

The Ministry has already constituted a Coordination Committee under the Chairmanship of Secretary, Ministry of New and Renewable Energy. The Committee consists of representatives from Ministry of Power, Ministry of Panchayati Raj, Rural Electrification Corporation, Planning Commission and representative from State Implementing Agency. The Committee monitors the implementation of RVE Programme in addition to sanctioning of new projects."

11. As regard the achievement under RVEP, the Ministry in their reply have stated that as on 30th September, 2011, 9524 villages and hamlets are sanctioned/ongoing and 5665 villages and hamlets have been completed against the target for electrification/illumination of 10,000 villages/hamlets during the 11th Plan. With the information made available by the Ministry, the Committee find that more than 3800 villages and hamlets are yet to be completed which forms about 40 percent of the total 9524 villages and hamlets being undertaken/sanctioned for electrification in the 11th Plan under RVEP. It has been stated that the target can be reached only if States demarcate villages and hamlets, survey these villages, prepare proposal for support and mobilize matching State share. The Committee appreciate this, but wish to be apprised about the prerequisites before the sanctioning of the villages/hamlets for electrification. In the absence of such vital inputs it may be difficult to achieve the target. Hence, it would be prudent to prod to States to submit the required inputs before sanctioning the villages for electrification. The Committee do understand these constraints in the implementation of the programme. However, the RVEP being one of the most important and major programmes of the MNRE, the Ministry should strengthen the working of the Coordination Committee and carry on the mission till its accomplishment, in a time bound manner besides adapting the practicable course of action before sanctioning the villages for electrification.

C. RESEARCH, DESIGN AND DEVELOPMENT IN NEW AND RENEWABLE ENERGY

Recommendation (Sl. No. 8, Para No. 2.9)

12. The Committee had pointed out a considerable reduction in budgetary allocation under R&D in 2011-12 *i.e.* to Rs. 95 crore as compared to the BE of Rs. 148 crore in 2010-11, particularly when the Ministry were able to spend as much as Rs. 111 crore in 2010-11. The Committee had felt that the R&D Sector of new and renewable energy is in its nascent stage and requires special care and proper nurturing. As such any reduction of financial allocation at the BE stage may hamper the progress of various R&D Projects at whatever stage of implementation they are. The Committee had, therefore, recommended that the Ministry should persuade the Planning Commission/Ministry of Finance to have the requisite fund for R&D Sector for the current year so that uninterrupted and smooth implementation of all the R&D Projects can be ensured and new projects can be initiated without any delay. The Committee had also recommended that thrust areas in R&D should *inter-alia* include work of Photovoltaic technology as it has great potential with regard to its usage, investment *vis-a-vis* its end results.

13. In their Action Taken Reply, the Ministry have stated as under:

“The recommendations of the Committee have been noted. The Ministry is already taking up the matter with the Ministry of Finance for additional funds for Research and Development Projects at Revised Estimate (RE) stage”.

14. The Ministry in their reply have stated that they have taken up the matter with the Ministry of Finance for additional funds for Research and Development Projects at Revised Estimate (RE) stage. The Committee appreciate the action taken by the Government on their recommendations in this aspect. The Committee trust that the Ministry would be able to manage to get additional funds at RE stage and ensure uninterrupted and smooth implementation of all the R&D Projects and also initiate new projects without any delay. The Committee had also recommended that thrust areas in Research and Development should *inter-alia* include work of Photovoltaic technology as it has great potential with regard to its usage, investment *vis-a-vis* its end results. Further, the Committee had desired close monitoring of all the R&D projects be ensured with a view to evaluate their functioning in a result-oriented manner. However, the Committee find that the Ministry is silent on these

aspects of the Committee's recommendations. The Committee feel that the Ministry have not taken their recommendation in its right perspective. In fact the idea behind the Committee's suggestion to seek higher allocation under R&D sector is to avert the interruption in the smooth implementation of all the R&D Projects and also to enable them to initiate new projects so as to boost the new and renewable energy sector. The Committee, therefore expect information on the various R&D Projects undertaken by the Ministry particularly in the field of photovoltaic technology and technological advancements in other fields of renewable energy. The Committee, therefore, reiterate their recommendation that thrust areas in Research and Development should *inter-alia* include work of Photovoltaic technology as it has great potential with regard to its usage, investment *vis-a-vis* its end results. Further, close monitoring of all the R&D projects should be ensured with a view to evaluate their functioning in a result-oriented manner. The Committee may be apprised of the action taken in this regard.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 2.2)

The Committee note that during the first four years of the 11th Plan, Rs. 2868 crore were actually allocated out of Rs. 4,000 crore budgetary allocation for the entire Plan and an expenditure of Rs. 2449.53 crore was made during these four years. The budgetary allocation for the year 2011-12 is Rs. 1200 crore. Hence, the expenditure made during the previous four years along with the outlay for the year 2011-12 together does not meet the financial target for the entire Plan. The total allocation for the 11th Plan *i.e.* Rs. 4,000 crore was itself not a very huge sum. Keeping in view the significance of the sector which are handled by the Ministry, that is, the alternative sources of energy, the non-spending of this sum during the entire Plan reflects on the performance of the Ministry. Even though the Committee were informed that physical and financial performance during the last few years has been very good as compared to earlier years, the Committee feel that with proper planning, due spade work, proper foresight about the achievable target and the available expertise with the Ministry, fund utilisation under various heads and achievements of the targets could have been still better leading to the benefit of the solar energy to the needy sections of the society. The achievement of the targets under various activities will ease pressure on the conventional systems of energy which are not only scarce but also depleting at a fast pace and are non-renewable. The Committee, therefore, strongly feel that there should be higher allocation for this sector along with the proper planning of the strategy with regard to the implementation of the various programmes being undertaken by the Ministry. They, therefore, recommend that the Ministry should take up with the Planning Commission about higher allocation as there is a befitting case to do so and simultaneously they should stress on proper planning and co-ordination with implementing agencies.

Reply of the Government

The comments of the Committee have been noted. It is also informed that the Ministry has, in its 12th Plan proposals submitted to Planning Commission in October 2011, proposed a higher allocation

of Rs. 40,000 crores for the 12th Five Year Plan period in line with the Committees' recommendation.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Recommendation (Sl. No. 2, Para No. 2.3)

The Committee note that during the first four years of the 11th Plan, the Ministry have performed well in the field of Small Hydro Power and Biomass co-generation Programme. However, they are not satisfied with the performance of the Ministry under various other Programmes, *viz.* Remote Village Electrification, Biogas, Wind Power etc. despite occasional good performances. The Committee find that under RVE Programme, the Ministry had set a target for electrification/illumination of 10,000 villages/hamlets during the 11th Plan. However, only 4155 villages/hamlets could be electrified so far, that is, not even 50 per cent of the target could be achieved during the first four years of the Plan. The Ministry have attributed it to the non-receipt of proposals from the State Governments for the poor performance. Similarly, under biogas programme, against the 11th Plan target of 6.78 lakh number of biogas plants, only 4.23 lakh plants could be installed up to February, 2011. Also, under Wind Power Programme against the 11th Plan target of 9000 MW a capacity addition of 7064.35 MW has been achieved during the first four years even when the target was exceeded during the last financial year. The Committee's examination has revealed glaring mismatch between the target set and achieved under various programmes. Consequently a lot of achievements are required to be achieved in the terminal year of the Plan *i.e.* 2011-12. Admittedly the goals envisaged for the 11th Plan under RVEP and Biogas Programme are not likely to be fully achieved. The Committee strongly feel that the shortfall in achievement of targets during 11th Plan is bound to have a cascading effect on the achievement of targets under various programmes/projects of the next Five Year Plan. The Committee, therefore, recommend the Ministry to identify the weak areas on the basis of their performance during the first four years of the 11th Plan and take specific corrective steps for the terminal year of 11th Plan and ensure that the non-achievement of targets in 11th Plan do not spill over to the 12th Five Year Plan.

Reply of the Government

The suggestions of the Committee have been noted. The Ministry is making all out efforts to achieve 11th Plan targets in full. However minor shortfall can occur under the Remote Village Electrification Programme due to limited proposals from the State Governments.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Recommendation (Sl. No. 3, Para No. 2.4)

The Committee note that the budget outlay of Rs. 4,000 crore was made for the 11th Five Year Plan, against which the actual allocation made during the first four years of the Plan is Rs. 2868 crores while Rs. 2449.53 crore were utilized which is about 85 per cent of the allocated amount. For the annual plan 2011-12 an amount of Rs. 1,200 crore has been allocated against the total requirement of 2275 crore (Rs. 1325 crore for Solar Mission component and Rs. 950 crore for other programmes). Despite a hike of 20 per cent over last year allocation, the Budget requirement for the Solar Mission has not been taken into consideration. The target of Internal and Extra Budgetary Resources (IEBR) for the year has also been kept at Rs. 1050 crore *vis-a-vis* Rs. 1496.65 crore during 2010-11. The Committee find that Revised Outlay for several important components like wind power and solar power has been reduced without altering the proposed target. Similarly, outlay under off-grid solar applications has been substantially cut down along with the target. Areas like solar water heating have not been allocated any sum at all. The detailed analysis of proposed targets and outlay along with the revised targets and allocation reflect incoherence in the planning and execution of the different projects of the Ministry. Keeping in view the past performance of the Ministry in previous four years of the Plan, and the planning of current year's programmes, it is really inconceivable to achieve the revised targets without adequate allocation. The substantial reduction in the off-grid solar applications reflects upon the unrealistic approach and planning. The Committee are apprehensive as to how the Ministry would be able to achieve the targets of the 11th Plan which were left to be completed during the last year of the Plan, that too, a large percentage of the total Plan targets without commensurate allocation of funds. The Committee, therefore, strongly recommend that the planning of the various programmes of the Ministry along with the proposed outlay must synchronise with the actual and achievable target commensurate with the revised outlay leaving lesser scope for any drastic reduction or alteration of any of the important components of the various projects/programmes of the Ministry.

Reply of the Government

As furnished in the Reply under Recommendation Sl. No. 4, Para No. 2.5 hereunder.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Recommendation (Sl. No. 4, Para No. 2.5)

The Committee note that the financial and physical performance for the year 2010-11 has been satisfactory. Against an outlay of Rs. 1,000 crore an amount of Rs. 980 crore was spent on various programmes. Achievement in the Wind Power, Small Hydro, Bio-power are encouraging while areas like Waste to power both Grid and Off-grid, Water Mills and Gasifiers needs special attention. The Committee express their satisfaction over achievements in areas such as wind power, small hydro and Bagasse Co-generation where physical targets have been exceeded. However, the Committee also note that the areas where targets have been over-achieved during the last year require reassessment for setting appropriate targets for future. The infrastructure and expertise which are available for this project also require technological upgradation. The current target of 2400 MW for wind power for the year 2011-12 is uninspiring in the context of the achievement of 2350 MW during the year 2010-11. Similarly, the targets for Small Hydro, Bio-power also need to be revisited as they have been already fixed for the current year. The Committee are confident and sure that these targets will be achieved and would create a precedent/milestone especially keeping in view the past performance in these sectors. In view of the foregoing, the Committee strongly recommend that rational higher targets be fixed for this year in areas where last years' achievements are more than the targets set. Higher outlay, if need be, may be proposed for approval from Planning Commission as this is going to ease the pressure on conventional energy resources while creating environment for basic development of the country.

Reply of the Government

The suggestions of the Committee have been noted. It will be the Ministry's endeavour to set more realistic targets commensurate with the annual budget allocation under different programmes. It is also submitted that in the 12th Plan proposals submitted to Planning Commission recently, the physical targets and outlays have been based on a rigorous review of each sector/programme.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Recommendation (Sl. No. 5, Para No. 2.6)

The Committee note that the Jawahar Lal Nehru Solar Mission was started in the year 2010-11 with the objective of establishing India as a global leader in solar energy. The mission aims at achieving 20,000 MW of grid power, 2,000 MW of off-grid solar applications and

20 million sq.m. solar thermal collector area. The Mission is to be implemented in three phases. For the first phase of the mission, which is to be completed by March, 2013, a target was fixed to set up 1100 MW grid connected solar plants, including 100 MW capacity plants as roof tops and other small solar power plants. Besides, a target of 200 MWeq, off-grid solar applications and cumulative 7 million sq.m solar thermal collector area by March, 2013 was also fixed. A budget of Rs. 4337 crore has been approved for these projects which are envisaged to be completed in the first phase. The Committee find that an amount of Rs. 286 crore (approx.) was allocated during 2010-11 for Solar Mission and an amount of Rs. 485 crore is allocated for the year 2011-12 *i.e.* Rs. 55 crore for grid power and Rs. 430 crore for off-grid. That way a huge amount of more than Rs. 3,500 crore remains unallocated for the terminal year of the first phase of the Mission. The Committee feel that the year-wise allocation of the approved amount for the first phase is not only highly disproportionate but also lacks practical wisdom, more so as the MNRE had proposed for Rs. 1200 crore for 2011-12 while they were actually allocated only Rs. 485 crore. The poor allocation will certainly affect the pace of achievement of the target in the first phase. The Committee observe that the Ministry had performed at par with the financial resources available with them during the beginning year of 2010-11 spending almost entire amount of Rs. 286 crore under both grid and off-grid programmes. As regards physical achievements, sanctions given by the Ministry also exceeded the target during the year. Moreover, the Ministry were able to commission 26.59 MW in grid power and 10.63 MWeq. In off-grid in 2010-11. In view of the physical targets set by the Ministry for the year 2011-12 for sanction of 300 MW capacity and completion of 200 MW under grid power and sanction of 32 MWeq. and completion of 20 MWeq. Under off-grid along with 0.6 mln.sq.m. collector area of solar thermal, the Committee feel that even if the targets for the year 2011-12 are achieved in toto, it is definitely a difficult task for the Ministry to achieve their original target of first phase both under grid and off-grid programmes. Though the Ministry may easily sanction the requisite capacity projects, but in the absence of a proper strategy for time bound execution of all the projects, first phase targets will be a herculean task to achieve. The ambitious Jawahar Lal Nehru Solar Mission, therefore, appears to be crumbling in the beginning itself. The Committee, therefore, strongly recommend that a detailed and practicable strategy be put in place and proper plan be prepared before the sanctioning of the projects under this mission. A time-bound completion of the projects should also be ensured failing which some penal provisions may be appended as the solar mission has the great potential and promising future for the country and no laxity can be

allowed to creep into the successful implementation of the mission. If it is felt that participation of Private Sector will enhance the pace, adequate steps should be taken to involve them so that they play a significant role in expediting development of solar energy. The Committee would also like the Ministry to approach the Ministry of Finance to allocate more funds as initially demanded, at the time of revised estimates so that smooth and time bound implementation of the projects can be ensured and that work is not suffered for want of funds.

Reply of the Government

Ministry has taken several measures to ensure smooth implementation of the activities undertaken in the first phase of the Jawaharlal Nehru National Solar Mission (JNNSM). Ministry has in 2010-11 allotted about 800 MW capacity projects under three different schemes under the Mission. 620 MW capacity projects were allotted through NTPC Vidyut Vyapar Nigam (NVVN) through tariff discounting process. This includes 470 MW capacity (7 projects) with solar thermal and 150 MW (30 projects) with PV technology. One PV project of 5 MW capacity was rejected at the stage of signing of PPA and another project of 5 MW capacity was rejected at the stage of verification of financial closure. All other 28 PV projects are expected to be commissioned during 2011-12. The 500 MW capacity solar thermal power projects are scheduled to be commissioned in 2013. Another 54 MW capacity PV projects are under implementation under migration component of the Mission. These projects are scheduled to be completed by mid October, 2011.

78 grid solar PV power projects of individual plant capacity up to a maximum of 2 MW per Plant, with an aggregate capacity of 98 MW were allotted in 2010-11. 8 plants of 8 MW capacity have been commissioned up to 30th September, 2011. There is some delay in completion of project work. As per the guidelines penalty is imposed for each month of delay in completion of the project. Additional time of six months, with penalties is allowed for completion of the projects. The remaining plants are likely to be commissioned during December-March period in 2011-12.

With regard to the off-grid solar PV projects, out of 40.6 MW capacity projects sanctioned in 2010-11, a total of 20 MW capacity projects are scheduled to be completed by March, 2012. So far a total of 3 MW capacity projects have been completed. Most of the other projects are likely to be completed by March, 2012. Ministry has also decided to start concurrent monitoring of the projects sanctioned in 2011-12.

With regard to the availability of funds for the Mission, four projects for an amount of Rs. 225 crores have been recommended by the Inter-Ministerial Group in its meeting held on 11th August, 2011, for funding from National Clean energy Funds. The availability of funds in the budget of the Ministry is likely after the approval of the second supplementary demands. Some internal readjustment of funds may also be done at the RE stage.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Recommendation (Sl. No. 7, Para No. 2.8)

The Committee note that the Remote Village Electrification Programme (RVEP) of the Ministry aims to provide lighting/electricity using renewable energy in those remote unelectrified villages and hamlets where grid connectivity will not be feasible in near future. The Committee observe that against the 11th Plan target for electrification/illumination of 10,000 villages/hamlets under RVE Programme, as on 28th February, 2011, 4810 villages/hamlets have been electrified and work is under implementation in 3354 villages/hamlets. The Committee have been informed that a total of 782 villages and hamlets for which support was sanctioned earlier by the Ministry have been dropped by the State implementing agencies and expect a higher number at the time of final settlement of accounts. The main reason for dropping the sanctioned villages has been the preference of the villages for grid electrification under Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY). Further, delays in identification and earmarking of villages and hamlets to be covered through renewable energy systems not being electrified by grid extension under RGGVY has always been one of the factors highlighted by the Ministry for the poor and delayed implementation of the RVE Programme. It has also come to the notice of the Committee that there is avoidable delay in electrification of villages under RGGVY as no specific time schedule is fixed for such an exercise. While the Committee appreciate the extension of grid connectivity for electrification of the remote rural areas through RGGVY, at the same time, they express concern over the inordinate delay in implementation of the RVE Programme, apparently due to the poor coordination between the implementing agencies. This delay results not only in non-achievement of targets but deprive the end-users in the remote areas of their basic requirement for electricity. For faster and effective implementation of the Programme, the Committee recommend that the MNRE in consultation with Ministry of Power may set up a Coordination Committee consisting of representatives

from various implementing agencies at the required level which will facilitate and monitor implementation of the two programmes under RGGVY and RVEP specifically in identification of villages and hamlets which will be covered under the respective programmes. Moreover, a practicable time frame should be prescribed for electrification of villages under RGGVY, if these are not covered under RVE and Co-ordination Committee should be kept informed about each villages being electrified under the specific scheme as also specific schedule should be spelt out clearly. The Committee would like to be apprised about specific action taken in this regard.

Reply of the Government

The Ministry is taking up the Remote Village Electrification (RVE) Programme actively. The Ministry on its part is continuing its efforts to persuade the State Governments through continuous review meetings at various levels for identification of villages & hamlets and their timely completion. The concerned State Governments have a major role to play in identification of remote villages to be covered under RVE Programme and their expeditious implementation as electrification of unelectrified villages and selection of mode for their electrification are in the domain of the respective States. The Ministry may reach the target only if the states actually demarcate the villages and hamlets, survey these villages, prepare proposals for support, mobilize matching state share and take other necessary action for timely implementations. The Ministry continues to liaise with the state implementing agencies on a regular basis to complete the projects in time. In so far the achievement of target in RVE during the 11th plan period is concerned, 6700 villages and hamlets have been sanctioned. In addition, 2824 villages and hamlets, which were sanctioned earlier, are ongoing. Thus all together, in the 11th Plan, 9524 villages and hamlets are sanctioned/ongoing and 5665 villages and hamlets have been completed as on 30th September, 2011.

The Ministry has already constituted a Coordination Committee under the Chairmanship of Secretary, Ministry of New and Renewable Energy. The Committee consists of representatives from Ministry of Power, Ministry of Panchayati Raj, Rural Electrification Corporation, Planning Commission and representative from State Implementing Agency. The Committee monitors the implementation of RVE Programme in addition to sanctioning of new projects.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Comments of the Committee

(Please see Para No. 11 of Chapter-I of the Report)

CHAPTER III

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

-NIL-

CHAPTER IV

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

Recommendation (Sl. No. 6, Para No. 2.7)

The Committee observe that the cumulative physical achievement under wind energy programme during the first four years of the 11th Plan (upto March, 2011) is 7063.35 MW against a target of 10500 MW (reduced to 9000 MW at Mid-term Appraisal stage) and could spend around Rs. 79.17 crore against BE of Rs. 113.6 crore and RE of Rs. 85.1 crore. Hence, a capacity addition of 1937 MW is required to be achieved in 2011-12 to meet the reduced 11th Plan target of 9000 MW. Although the position during 2008-09 and 2009-10 were not satisfactory, the Committee are happy to note that the physical achievement during 2010-11 have surpassed the targets. In view of this, the Committee trust that the Ministry with their sincere effort would easily achieve the physical target of 2400 MW set for the year 2011-12 thereby surpassing the reduced 11th Plan target of 9000 MW. The Committee are aware that the Ministry do not play a direct role in capacity addition of wind energy. However the Committee are of the opinion that the Ministry can play a pivotal role in providing a solid base, conducive atmosphere and favourable opportunity for private sector investment in order to boost the growth of the wind energy sector. The Committee also feel the need for upgradation of the technology in Wind Energy Sector, especially in development of design of wind turbines and indigenisation of wind electric generator. In view of the foregoing, the Committee recommend that the Ministry should play a proactive role in conducting a survey for identifying the potential of the sector particularly in the coastal area, play the role of a catalyst in the promotion of the sector making it an investor friendly venture. Besides the Ministry may strengthen their monitoring system not only to achieve the 11th Plan target but also initiate action plan for the next Five Year Plan in order to generate more power from wind energy.

Reply of the Government

Ministry is taking necessary steps in carrying out wind resource assessment to identify the potential sites for wind power projects. It is continuously putting efforts to make this sector investor friendly and to promote orderly growth of the sector. Out of the target of

9000 MW set for 11th Plan, a capacity of 8465 MW has been installed upto September, 2011. During the current year *i.e.* 2011-12, a capacity of 1400 MW has been installed upto September, 2011 and another 1200 MW is expected by March, 2012. With this, it will be possible to achieve the physical target of 2400 MW set for 2011-12 and also the 11th Plan target.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Comments of the Committee

(Please *see* Para No. 8 of Chapter-I of the Report)

Recommendation (Sl. No. 8, Para No. 2.9)

The Committee feel that Research & Development activities of the Ministry aim at resource assessment, technology development, demonstration and commercialisation of new and renewable energy projects. The Committee have been highlighting the importance of Research and Development for the development and progress for all the renewable energy sources such as wind, solar, hydro, biogas etc. They observe that the expenditure pattern under RD&D for the last two years have improved. In the year 2008-09, against the BE of Rs. 100 crore for R&D, the Ministry could spend only Rs. 27.80 crore. However, in the year 2009-10 and 2010-11, the Ministry could utilise Rs. 58.90 crore and Rs. 111.40 crore against the budget allocation of Rs. 60.96 crore (RE) & Rs. 123 crore (RE) respectively *i.e.* more than 90 per cent. The Committee are satisfied with the progressive improvement of the utilization of funds in R&D Sector over the years, yet it is difficult to understand the considerable reduction in budgetary allocation to Rs. 95 crore in 2011-12 as compared to the BE of Rs. 148 crore in 2010-11 under this head, particularly when the Ministry were able to spend as much as Rs. 111 crore in 2010-11. There is no apparent reason put forward by the Government for such an unacceptable reduction of allocation for this important sector. The Ministry have admitted themselves that it would not be possible to fully achieve the envisaged goals for R&D with the reduced allocation. It will also affect the commencement of new R&D Projects causing unwarranted delay in implementation of the whole R&D Plan. The Committee observe that the Ministry have been able to work out the thrust areas minutely and have made considerable progress in achievement of the physical targets set by them. The Ministry must have made a proper and practical assessment of the progress made so far and requirement of funds for the future before seeking an amount

of Rs. 208 crore for the year 2011-12 for R&D. The Committee feel that the R&D Sector of new and renewable energy is in its nascent stage and requires special care and proper nurturing. Any reduction of financial allocation at this stage may hamper the progress of various R&D Projects at whatever stage of implementation they are. The Committee, therefore, recommend that the Ministry should persuade the Planning Commission/Ministry of Finance to have the requisite fund for R&D Sector for the current year so that uninterrupted and smooth implementation of all the R&D Projects can be ensured and new projects can be initiated without any delay. Thrust areas in Research and Development should *inter-alia* include work of Photovoltaic technology as it has great potential with regard to its usage, investment *vis-a-vis* its end results. This will certainly boost the development of new and renewable energy sector. Further, close monitoring of all the R&D Projects should be ensured with a view to evaluate their functioning in a result-oriented manner.

Reply of the Government

The recommendations of the Committee have been noted. The Ministry is already taking up the matter with the Ministry of Finance for additional funds for Research and Development Projects at Revised Estimate (RE) stage.

[Ministry of New and Renewable Energy,
File No. 8/11/2010-P&C, Dated 16.11.2011]

Comments of the Committee

(Please *see* Para No. 14 of Chapter-I of the Report)

CHAPTER V

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

-NIL-

NEW DELHI;
28 December, 2011
07 Pausa, 1933 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on Energy.

APPENDIX I

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2011-12) HELD ON 28TH DECEMBER, 2011 IN COMMITTEE ROOM 'B', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Mulayam Singh Yadav—*Chairman*

MEMBERS

Lok Sabha

2. Shri Mohmmad Azharuddin
3. Dr. Baliram
4. Shri P.C. Chacko
5. Shri Baliram Jadhav
6. Shri Shripad Yesso Naik
7. Shri Ravindra Kumar Pandey
8. Shri Gutha Sukhender Reddy
9. Shri Bajju Ban Riyan
10. Shri Makansingh Solanki
11. Shri Vijay Inder Singla

Rajya Sabha

12. Shri Govindrao Wamanrao Adik
13. Shri Ram Chandra Khuntia

SECRETARIAT

1. Shri Brahm Dutt — *Joint Secretary*
2. Shri N.K. Pandey — *Additional Director*

2. At the outset, the Chairman welcomed the Members of the Committee and briefly apprised them of the Agenda for the sitting.

3. The Committee then took up for consideration/adoption the draft reports:

- (i) 24th Report on Action Taken by the Government on the recommendations contained in 18th Report on Demands for Grants of the Ministry of New and Renewable Energy for the year 2011-12.
- (ii) 25th Report on Action Taken by the Government on the recommendations contained in 19th Report on Demands for Grants of the Ministry of Power for the year 2011-12.

4. The Committee adopted both the Reports without any modification. The Committee authorized the Chairman to finalize the Reports and present the same to both the House of Parliament.

The Committee then adjourned.

APPENDIX II
(Vide Introduction of Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE
SIXTH REPORT (15TH LOK SABHA) OF THE
STANDING COMMITTEE ON ENERGY

(i) Total number of Recommendations	08
(ii) Observations/Recommendations which have been accepted by the Government: Sl. Nos. 1, 2, 3, 4, 5 and 7	
Total:	06
Percentage:	75%
(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies: Nil	
Total:	00
Percentage:	00%
(iv) Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration: Sl. Nos. 6 and 8	
Total:	02
Percentage:	25%
(v) Observations/Recommendations in respect of which final replies of the Government are still awaited: Nil	
Total:	00
Percentage:	00%