

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2534

ANSWERED ON:12.03.2015

MEGA POWER POLICY

Adsul Shri Anandrao ;Patil Shri Shivaji Adhalrao;Shrirang Shri Chandu Barne;Yadav Shri Dharmendra

Will the Minister of POWER be pleased to state:

(a) whether the Government has amended or proposes to amend the existing mega power policy to give additional concessions to mega power projects, if so, the details thereof; and

(b) the time by which the amendments in the mega power policy are likely to be given effect?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY (SHRI PIYUSH GOYAL)

(a) & (b) :In order to compensate for the disadvantages suffered by the domestic power equipment manufacturing industry on account of higher interest rates, local taxes and infrastructural inadequacies, create a level playing field to the domestic power equipment manufacturing industry vis-à-vis foreign vendors and to promote self-sufficiency in this vital sector, the Government on 19.07.2012 decided to impose Custom Duty @5%, CVD @12% (as applicable and equal to excise duty on domestic industry from time to time) and SAD @ 4% to be uniformly applicable on the imported equipments of all categories of Power generation projects, viz., Mega Power Projects (including UMPPs) and non-Mega Power Projects. Thus, all new power projects will have to pay duty for imported equipments and Mega Power policy stands withdrawn for new projects other than those already issued mega/ provisional mega certificates before 19.07.2012.

Further, the Government on 02.01.2014 had approved the following amendments in the Mega Power Policy 2009 for Mega Power Projects which were already granted provisional mega certificate:

i.To avail the benefits under Mega Policy, the developer must tie up at least 65% of installed capacity/ net capacity through competitive bidding and up to 35% of installed capacity/ net capacity under regulated tariff as per specific Host State policy, as the case may be, approved by the respective Regulators under long term PPA with Discoms/State designated Agency. This dispensation would be one time and is limited to the first 15 projects (Sr. No. 1 to 15 of Annex) which are located in the States having mandatory host State power tie up policy of PPAs under regulated tariff.

ii.To extend the maximum time period to 60 months instead of 36 months from the date of import for provisional Mega projects (all 25 projects of Annex), for furnishing the final Mega certificates to the Tax authorities.