

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4346
ANSWERED ON:19.05.2006
IMPORT OF MACHINERY FOR POWER GENERATION
Chinta Mohan Dr. ;Suman Shri Ramji Lal

Will the Minister of POWER be pleased to state:

- (a) whether the Government is aware that the substantial reduction in Government taxes on import of machinery for power generation projects is likely to have an effect on the charges of electricity consumption;
- (b) if so, the details thereof;
- (c) the names of the projects which have seen a drop in cost of generation of power as a result thereof along with the extent of reduction in the cost of each project; and
- (d) the names of the projects under construction wherein the construction costs have come down as a result thereof along with the extent of reduction in each of the said projects?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : Yes, Sir. The Government is aware that reduction in Government taxes on import of machinery for power generation projects reduces the tariff and consequently lowers the charges of electricity consumption. According to the present policy, Government has fully exempted the customs duty including CVD on import for goods/machinery required to set up the projects, which have been accorded Mega Power Project status. For such Projects deemed export benefits including refund of excise duty is available to domestic suppliers.

Benefits under Mega Power Policy reduce the cost of the electricity by approximately upto 17 paise per unit for the Thermal Power Project and upto 11 paise per unit for the Hydel Project.

(c) : The following projects have been commissioned with the benefit of Mega Power Policy under the Central Sector:

Sl. No.	Project Capacity (MW)	Location	Cost Estimates (Rs. In crore)	Benefit of Reduced Generation Cost
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Thermal Power Projects

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|----|------------------|-----------------------|-------------------|-------------------------|
| 1. | Talcher-II 4x500 | Distt. Angul, Orissa | 6648.83 (approx.) | (1997) 1 paise per unit |
| 2. | Rihand-II 2x500 | Distt. Sonebhadra, UP | 3451.97 (approx.) | (1998) 3 paise per unit |

There is a marginal reduction in the generation cost for these projects because the mega power project status was accorded after the investment approval, by which time considerable amount of duties and taxes were already paid on the completed procurement.

(d) : The following projects which are under construction have been started with the benefit of Mega Power Policy under the Central Sector :-

Sl. No.	Project Capacity(MW)	Location	Cost Estimates (Rs. In crore)
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Thermal Power Projects

1. Vindhyachal-III 2x500 Distt. Sidhi, MP 4201.50 (2001)
2. Sipat-I 3x660 Distt. Bilaspur, Chhattisgarh 8323.39 (2003)
3. Sipat-II 2x500 - do - 4039.67 (2003)
4. Kahalgaon-II
Phase-I 2x500 Distt. Bhagalpur, Bihar 4002.28 (2002)
5. Kahalgaon-II
Phase-II 1x500 - do - 1866.10 (2003)
6. Barh 3x660 Distt. Patna, Bihar 8692.97 (2004)

Hydel Power Projects

7. Koldam 800 Distt. Bilaspur, HP 4527.15 (2001)
8. Teesta-V 3x170 Sikkim 2198.04 (1999)
9. Parbati-II 4x200 Himachal Pradesh 3919.59 (2001)
10. Subansiri Lower 8x250 Arunachal Pradesh 6285.33 (2002)

The reduced construction cost of these projects will be fully known on completion.