THIRTY-SIXTH REPORT

STANDING COMMITTEE ON ENERGY
(2003)

(THIRTEENTH LOK SABHA)

MINISTRY OF POWER

DEMANDS FOR GRANTS
(2002-2003)

[Action Taken by the Government on the Recommendations contained in the Twenty-ninth Report of the Standing Committee on Energy (Thirteenth Lok Sabha)]

Presented to Lok Sabha on..........................

Laid in Rajya Sabha on ....

LOK SABHA SECRETARIAT
NEW DELHI

February, 2003/*Magha*, 1924 *(Saka)*

CONTENTS

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2003)

Shri Sontosh Mohan Dev — *Chairman*

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3. Shri Prasanna Acharya
4. Shri Prakash Yashwant Ambedkar
5. Shri Vijayendra Pal Singh Badnore
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24. Shri Raghuraj Singh Shakya
25. Shri Manoj Sinha
26. Shri Chandra Pratap Singh
27. Shri Tilakdhari Prasad Singh
28. Shri Shibu Soren
29. Shri B. Venkateshwarlu
30. Prof. Ummareddy Venkateswarlu

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*Nominated to the Committee *w.e.f.* 24.1.2003.

Rajya Sabha

31. Shri Devdas Apte
32. Shri Santosh Bagrodia
33. Shri S.M. Laljan Basha
34. Shri Jayanta Bhattacharya
35. Shri Dara Singh Chauhan
36. Shri Aimaduddin Ahmad Khan (Durru)
37. Shri Ajay Maroo
38. Shri B.J. Panda
39. Shri Matilal Sarkar
40. Shri Gaya Singh
41. Shri Veer Singh
42. Shri D.P. Yadav
43. Vacant
44. Vacant
45. Vacant

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2. Shri P.K. Bhandari — *Director*
3. Shri R.S. Kambo — *Under Secretary*
4. Shri Arvind Sharma — *Executive Officer*

COMPOSITION OF THE SUB-COMMITTEE 'F' ON ACTION TAKEN REPORTS

Shri Sontosh Mohan Dev — *Chairman*

2. Shri Tilakdhari Prasad Singh — *Convenor*
3. Shri Basudeb Acharia
4. Shri Prakash Yashwant Ambedkar
5. Shri Vijayendra Pal Singh Badnore
6. Shri Santosh Bagrodia

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this 36th Report on the Action Taken by the Government on the recommendations contained in the 29th Report of the Standing Committee on Energy on Demands for Grants (2002-03) of the Ministry of Power.

2. The Twenty-ninth Report of the Standing Committee on Energy was presented to Lok Sabha on 23rd April, 2002. Replies of the Government to all the recommendations contained in the Report were received on 12th November, 2002.

3. The Sub-Committee on Action Taken Reports as well as Standing Committee on Energy considered and adopted this Report at their sitting held on 14th February, 2003.

4. An analysis of the Action Taken by the Government on the recommendations contained in the Twenty-ninth Report 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;
14 *February*, 2003
25 *Magha*, 1924 (*Saka*)

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

The Report of the Committee deals with the Action Taken by the Government on the recommendations contained in the Twenty-Ninth Report (Thirteenth Lok Sabha) of the Standing Committee on Energy on "Demands for Grants (2002-2003) of the Ministry of Power" which was presented to Lok Sabha on 23rd April, 2002.

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. 3,4,14,15,17,20,21,27,29,34,35,36,41,44,48,49,51 and 52

(ii) Recommendations/Observations which the Committee do note desire to pursue in view of the Government's replies:

Sl. Nos. 2,7,9,12,13,16,18,19,23,25,30,37,38,46,47,54 and 55

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

Sl. Nos. 1, 8, 24, 31 and 42

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

Sl Nos. 6,10,11,22,26,28,32,33,39,40,43,50 and 53

3. The Committee desire that final reply in respect of the recommendation for which only interim reply have been given by the Government should be furnished to the Committee at the earliest.

4. The Committee also desire that utmost importance should be given to the implementation of recommendations accepted by the Government. In case, where it is not possible for the Government to implement the recommendations in letter and spirit for any reasons,

the matter should be reported to the Committee in time with reasons for non-implementation.

5. The Committee will now deal with the Action Taken by the Government on some of their Recommendations/Observations.

A. Under-utillisation of Budgetary Outlays

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

6. The Committee were deeply concerned to find the growing tendency on the part of the Ministry of Power in projecting an astronomically high Central Plan Outlay at initial stage, downsizing it at Revised Estimate stage and finally surrendering a substantial allocation at the end of the year. For instance, the Central Plan Outlay for the year 1998-1999 at Budget Estimate stage was Rs. 9500 crore. It got revised to Rs. 7652 crore and finally Rs. 7177.89 crore was actually utilized, indicating a shortfall of more than Rs. 2322 crore. Similarly, in the year 1999-2000, as against Revised Estimates of Rs. 8049.32 crore, the actual utilization registered a steep under-utilisation of budgeted amount to Rs. 7641.18 crore. The utilization of budgeted amount further dipped during the year 2000-2001, when the actual utilization was only Rs. 6553.91 crore, as against Revised Estimates of Rs. 8365.38 crore, indicating a net under-utilisation of Rs. 1811.47 crore. The Committee had found that the Central Plan Outlay for the year 2001-2002 was already undergone revision, as Rs. 11525.53 crore projected at Budget Estimate stage, was reduced to Rs. 11010.28 crore. Now, a higher allocation of Rs. 13483.00 crore has been envisaged for the year 2002-2003. With the present on-going trend in the power sector, the Committee had apprehended shortfall in utilization during 2001-2002 and also in the year 2002-2003. The Committee did not approve of surrendering of the Plan Outlays by power sector PSUs, year after year in such an irresponsible manner. The Committee were of the view that when power sector is clamouring for higher allocations, as to improve the per capita supply of electricity, the power sector PSUs with their poor implementation of plans and policies, had failed to rise to the occasion. Taking into consideration the dismal performance of the power sector, during all these years, the Committee had recommended that Government should review the working of power sector as a whole, so that meaningful and relevant programmes and policies, could be formulated.

7. In their reply, the Government have informed about the Budget Estimate, Revised Estimate and the Actual Expenditure incurred during 1999-2000, 2000-2001, 2001-2002 which are as under:-

Year	Budget Estimate	Revised Estimate	Actual Exp.	Percentage utilisation *vis-a-vis* Revised Estimate
1999-2000	9600.27	8049.92	7641.81	94.92
2000-2001	9720.18	8365.38	6553.38	78.34
2001-2002	11065.28	10960.28	9925.45	90.56

8. Some of the schemes under which saving occurred during 2001-2002 and the reasons for shortfall is given below:—

(i) Kutir Jyoti Programme of REC—Rs. 15 crore) the Kutir Jyoti Programme which aims at electrification for rural households failing Below Poverty Line (BPL) level including Dalit and Adivasi families. The programme aims at extending the benefit of single point light connections to such poor households in rural areas. As per the instruction of Ministry of Finance, funds have to be realised to REC 50% in advance and 50% on receipt of actual utilisation of the previous funds and keeping in view the physical progress on the scheme from the State Government. Hence due to less claims from the SEBs fund could not be released to Rural Electrification Corporation.

(ii) Updating of Planning Models and Training of CEA officers under World Bank assistance—(Rs. 3.65 crore) due to non-approval of the Government for continuation of the scheme.

(iii) Energy Conservation—(Rs. 7.59 crore) due to non-approval of the new scheme.

(iv) Power Grid grants-in-aid—(Rs. 40 crore) the amount was provided by the Planning Commission as grant of Power Grid for implementation of Load Despatch Centre in the North-Eastern region. Since the scheme was approved on the funding pattern of debt-equity ratio of the Government of India and change of funding pattern was required to be approved by PIB/CCEA, the funds could not be released for the scheme.

(v) NEEPCO—the saving was due to slow progress of some of the schemes and also due to non-approval of the new schemes.

(vi) Sardar Sarovar Project—(Rs. 36.27 crore) Government of India had decided in 1984 to contribute towards the resources gap in the share of Madhya Pradesh amounting to Rs. 300 crore approximately for the execution of Sardar Sarovar Power Project. The funds are released based on the contributions made by the Government of Madhya Pradesh in the proportion of 1:28:1, 57% share of a Madhya Pradesh is in the power component of Sardar Sarovar Project (1450 MW). An amount of Rs. 297.4 crore has been released so far including Rs. 56 crore in 1998-1999, Rs. 18.73 crore in 1999-2000 and Rs. 33.87 crore in 2000-2001. Though the Government of Gujarat has been requesting for increasing the Government of India contribution to around Rs. 2000 crore in view of the increase in the project costs. No matching requirement for release of funds during the year has been received from the Government of Madhya Pradesh.

(vii) Tehri Hydro Electric Development—(Rs. 38.83 crore) due to delay in closure of diversion of Tunnel T-3 and T-4 and delay in award of civil works of Koteshwar project.

(viii) Loan to REC for system improvement scheme of energisation of pumpsets and electrification of villages—(Rs. 410 crore) village electrification has been included under the Pradhan Mantri Gramin Yojna (PMGY). Therefore, REC does not seek funds for the scheme.

9. As regards the corrective action taken by the Ministry of Power for utilisation of the projected allocation of 2002-2003, the Committee have been apprised that utilization of fund has been closely monitored by us, review meeting has been held with all concerned authorities. The object of the review meetings is to ensure that the entire budget is spent/utilized in the manner envisaged. Also, if any bottlenecks that come in the way of implementation of projects and therefore, the utilization of budget, are being removed by these meetings and appropriate corrective steps thereafter.

10. The Committee are concerned to note under-utilisation of budgeted amount over the years. For instance, during 1999-2000, as against Budget Estimates (BE) of Rs. 9600.27 crore, only Rs. 7641.18 crore could be spent. During 2000-2001, the BE was 9720.18 crore and actual expenditure Rs. 6553.91 crore. During 2001-2002, BE was Rs. 11065.53 crore and actual expenditure only Rs. 9925.45 crore. The percentage of utilisation was 94.92, 78.34 and 90.56, vis-a-vis Revised Estimates (RE) during these years. The Committee have taken note of reasons for surrendering of such high amounts over the years. The Committee are of the view that Government have not learnt any lesson from their past experience and continue to adduce unconvincing reasoning. The Committee, reiterate their earlier recommendation of review of working of power sector, as a whole, so that meaningful and relevant programmes/plans be formulated.

B. Mobilization of Funds for 10th Plan

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

11. The Committee had observed that fund requirements for an estimated capacity addition of 47,000 MW during 10th Plan was of the order of Rs. 5,66,000 crore. The Committee also desired to know the outcome of the report of the Committee headed by former Chairman, PFC to examine of details the resource mobilization programme for funding the 10th Plan capacity addition.

12. In their reply, the Government have stated that a Committee under the Chairmanship of Dr. Uddesh Kohli, Ex-CMD, PFC has been set up to advise this Ministry on the financing of power sector during the 10th and 11th Plan periods. The Committee, amongst others, consists of representatives from Planning Commission, CEA, Department of Atomic Energy, Ministry of Non-conventional Energy Sources, CPSUs apart from representatives from eminent financial institutions. The terms of reference Committee are as under:—

(i) To estimate the overall fund requirements for achieving the goal of power on Demand by 2012.

(ii) To estimate the investments to be made by the Central and State power utilities, State Governments, private sector, etc., during this period.

(iii) To identify sources of funds to meet the investment requirements, including Governments funds, multilateral and bilateral assistance, institutional finance, market borrowings, internal resources, private investments, etc.

(iv) To suggest institutional, policy and other measures in order to achieve the desired goal.

The Committee has met several times and is expected to finalise its report shortly.

13. The Committee are constrained to note the inordinate delay in finalisation of the report by the Committee headed by former Chairman, PFC on resources mobilization programme for estimated capacity addition of 47,000 MW of power during the 10th and 11th Plan period. Since, the 10th Plan period has already started, the Committee expect that the report which was to be finalized shortly, as per reply of the Ministry of Power dated 11th November, 2002, might have been submitted by now for implementation by the Government. The Committee would like to be apprised of the details of the recommendations made by the Committee as well as follow up action taken by the Government thereon.

C. Programme Implementation by Power Grid Corporation of India Limited

Recommendation (Sl. No. 8, Para No. 2.50)

14. Taking note of downsizing of Budgetary allocation to Power Grid during 2000-2001, the Committee had desired that the IEBR component of Power Grid at Rs. 3312 crore during the 2002-2003 be fully mobilized and utilized for the targeted projects.

15. The Government, in their reply have *inter-alia* stated that during 2002-2003, it is anticipated that there may be shortfall in utilization as against the budgeted outlay of Rs. 3352 crore. This may be primarily due to slippage in project implementation on account of unforeseen procedural delays in the processing of proposals for investment approvals for projects like Rihand-II transmission system, Sipat-I transmission system and Tala transmission system. Moreover, the transmission system associated with Hirma stage-I may not materialize during 10th Plan period as a result of slippage in the associated generation project.

16. The Committee are dismayed to note that the reduction in utilization of budgeted outlays during 2001-2002 and 2002-2003 are reported to be due to slippage in project implementation primarily on account of unforeseen procedural delays in the processing of proposals for investment approvals for project like Rihand-II transmission system, Sipat-I transmission system and Tala transmission system-I. The Committee cannot but deplore the way, the outlays have been budgeted by the Power Grid Corporation of India Limited for the same projects during 2002-2003 which it failed to implement/execute during 2001-2002. The Committee, therefore, desire that due care should be taken by the Government/Power Grid Corporation of India Limited to ensure that the budgeted outlays are fully utilised during the financial year.

D. Custom Duty on Power Transmission Equipments

Recommendation (Sl. No. 11, Para No. 2.53)

17. On the issue of different rates of Custom Duties applicable on equipments imported for generation and transmission projects, the Committee felt that the generation and transmission utilities should prefer to procure equipments from domestic companies. However, with regard to purchase of imported equipments, the Committee had earlier also recommended that power being treated as infrastructure sector, both generation and transmission projects be treated equal. The Committee were constrained to note that the Ministry of Finance had not responded to the recommendation of the Committee and power transmission projects were required to pay a higher effective customs duty of 50.80% (25%+16%+4%) whereas the generation projects carried an effective customs duty of 21.8% (5%+16%) for import of equipments, etc. Exemption was available from customs duty on import of goods for power generation projects, which were funded by the World Bank, ADB and other international organisation. Similar exemption was also available for mega power projects. On other hand, the projects which were funded through domestic resources had to pay the duty even if they were set up on the basis of International Competitive Bidding (ICB). The Committee, therefore, had strongly urged the Government (Ministry of Finance) that not only import of all goods for power generation irrespective of the source of funding should carry zero duty for a period of three years as proposed by Ministry of Power, but the same be made applicable to transmission projects also to provide a level playing field to all the players.

18. In their reply, the Ministry of Finance have stated that the capital goods required for setting up of power transmission projects have strong indigenous production base. If import of all goods required for power transmission projects is allowed without payment of customs duty, the interests of domestic producers of these goods will be affected adversely. It will also result in huge loss of revenue to the Government. Further, the recommendation of the Ministry of Power to extend duty concession to power transmission projects made prior to the last budget (2002) had also been examined. The Ministry of Power were requested to provide a list of equipment require for power transmission, which were not available indigenously so that the same could be considered for duty concession. However, no reply has been received from the Ministry of Power in this regard.

19. In this connection, the Ministry of Power in their reply dated 11th November, 2002 have further stated that the Ministry of Finance (Department of Revenue) has been requested to include this in the budget proposals for 2003-2004, *vide* letter dated 3.9.2002. The matter will also be taken up at the pre-budget meeting.

20. **The Committee agree with the reply of the Ministry of Finance that the Customs Duty on import of all goods required for power transmission projects should not be waived to protect the interests of domestic producers of these goods which have strong indigenous base in the country. The Committee, therefore, desire that the Ministry of Power should only include such list of power transmission equipments which are not competitively available in the country. The Committee would also desire the Ministry of Power to explain the reasons as to why the request of Ministry of Finance to provide the list of equipments required for power transmission which were not available indigenously and required for duty concession have not been furnished as asked by the Ministry of Finance.**

E. Extension of Accelerated Power Development and Reform Programme (APDRP) Scheme to all Distributing Circles

Recommendation (Sl. No. 22, Para No. 2.93)

21. The Committee were informed that the Government had proposed to cover all distributing circles (about 415 circles) in the country under Accelerated Power Development and Reform Programme

(APDRP) during the 10th Plan. Each State had been asked to identify there new distributing circles besides the 63 representatives distributing circles identified so far. Taking note of the low outlays as well as lower identification of circles for the year 2002-2003, the Committee had felt that targeted completion of all distributing circles during the 10th Plan period might go haywire. Also, as the funds during 2001-2002 could not be released by the Ministry of Finance in spite of firmed up plans of Ministry of Power with different SEBs/States, the Committee had feared that the appointment of Advisor-cum-Consultant to carry out Accelerated Power Development and Reform Programme (APDRP) scheme would led to creation of Inspector Raj.

22. In their reply, the Government have *inter-alia* stated that for successful implementation of the Accelerated Power Development and Reform Programme, the Ministry of Power identified 63 distribution circles in various States for developing them as "centres of excellence" in the first phase. The first lot of schemes for the above 63 circles was approved in March, 2001. After preparation of Detailed Project Report (DPR) by Advisor cum Consultants, schemes for 63 circles have been approved in July, 2002, covering 117 towns of the country. With a view to cover all the distribution circles in the next 4 to 5 years and for quick results, Ministry of Power identified 167 towns in the country for development under Accelerated Power Development and Reform Programme (APDRP) in the next phase. Schemes for 65 such towns have been received and approved by Ministry of Power in September, 2002.

23. Further, to help the SEBs/utility in efficient and professional implementation of the schemes, Ministry of Power appointed NTPC and Power Grid as lead Advisor cum Consultants. The main function of the Advisor cum Consultants was the capacity building of the reports (DPRs), supervision of implementation of schemes, MIS development, GIS mapping, monitoring of project implementation, etc. NTPC and Power Grid have already prepared tenderable DPRs for the identified 63 circles in the first phase. During this process, NTPC and Power Grid experts have trained the SEB/utility personnel in collection of data for formulation of the DPRs for other circles.

24. In financial year 200-2001, Accelerated Power Development and Reform Programme (APDRP) found amounting to Rs. 978 crores was released to various States for implementation of projects costing 199.20 crore. Out of this a sum of Rs. 723.25 crore has been utilized. The

schemes cover mainly 100% metering for feeders & consumers, replacement/augmentation of distribution transformers, reconductoring of sub-transmission & distribution lines, capacitor installation and R&M/R&U of thermal/hydel power plants. Further, APDRP fund of Rs. 425 crore have been released in financial year 2002-2003. The Government have stated that various projects costing Rs. 8484 crore covering 182 towns have been sanctioned by Ministry of Power so far in the current financial year. Ministry of Finance have been requested to release next trance of APDRP fund to the States.

25. **The Committee are constrained to note that although 63 distribution circles for implementation of Accelerated Power Development and Reform Programme (APDRP) were approved in March, 2001, the DPRs were approved by July, 2002, by Advisor-cum-Consultants resulting in delayed implementation of developing 'centres of excellence' in power distribution in the country. The Committee do not approve of the delay in according approvals to DPRs. Although the Government in their reply have stated that funds for the various projects to the tune of Rs. 8484 crore covering 182 towns have been sanctioned by the Ministry of Power during 2002-2003, the reply of the Government is silent as to ensure all distribution circles to be covered during 10th Plan as targeted. The Committee, therefore, would await the information regarding the completion of all the distributing circles as targeted.**

The Committee find that as of now, under Accelerated Power Development and Reform Programme (APDRP), there is a provision to augment sub-transmission and distribution set up. The Committee are of the view that this limit the electrification programme. The Committee desire that besides, augmentation of sub-transmission and distribution, Accelerated Power Development and Reform Programme (APDRP) should also be mandated to cover electrification. The Committee would like to be apprised of the action taken by the Government in this regard.

F. Multiplicity of Authorities for Rural Electrification Programme

Recommendation (Sl. No. 24, Para No. 2.121)

26. Taking note of the multiplicity of fund disbursing authorities for rural electrification programmes, the Committee had opined that a common planning and monitoring authority should be set up to ensure proper and optimal utilization of funds.

27. The Government, in their reply have stated that Rural Electrification Schemes are formulated and implemented by the State Governments/SEBs/State Power Utilities, out of the State Plan allocation defending upon their priorities. However, there are other options available for seeking financial assistance for implementing rural electrification scheme. The Government of India provides additional Central Assistance under Pradhan Mantri Gramodaya Yojana and Minimum Needs Programme. The funds are released by the Ministry of Finance on the recommendations of the Planning Commission and Ministry of Power under PMGY and MNP respectively. REC also provides financial assistance to SEBs to Supplement their resources. The programme of implementation of scheme is reported to CEA who compiles the information.

28. The Committee are unhappy to note that in spite of their recommendation to have a common planning and monitoring authority to ensure proper and optimal utilization of funds, the reply of the Government is silent on the action taken in this regard. Although, the Committee observe that rural electrification programmes are financed through different schemes whereby funds are released by the Ministry for Finance on the recommendations of the Planning Commission and Ministry of Power under Pradhan Mantri Gramodaya Yojana and Minimum Needs Programme respectively besides the financial assistance to SEBs by Rural Electrification Corporation; the Committee are concerned to note that there is no common planning and monitoring authority. The committee, therefore, desire that this function should either be handed over to Central Electricity Authority to whom the programme implementation of the scheme is reported or some other independent agency may be entrusted at the Central and the State level to look into the common planning, monitoring and implementation programme for rural electrification.

G. Utilisation of Rural Infrastructure Development Fund (RIDF)

Recommendation (Sl. No. 25, Para No. 2.122)

29. The committee had observed that the funds under Pradhan Mantri gramodaya Yojana (PMGY), Accelerated Electric Rural Programme (AERP) and Rural Infrastructure Development Fund (RIDF) are released to State Governments to really improve upon electrification programmes. The Committee had desired to know the target of Rs. 750 crore earmarked from RIDF for rural electrification.

30. About the various steps that have been taken by the Ministry of Power to complete village electrification by 2007 and household by

2012, the Committee observe that Rural Infrastructure Development Fund (RIDF) has been suitably modified to allow States to access these funds for rural electrification programme. As regards utilization of RIDF fund for rural electrification, the disbursement for power sector under RIDF during RIDF VI, RIDF VII and RIDF VIII is Rs. 114.35 crore against sanctioned funds of Rs. 664.69 crore.

31. The Committee observe that in order to accelerate the pace of rural electrification, the States have been allowed to access funds from Rural Infrastructure Development Fund (RIDF) and the same were suitably modified. The Committee, however, are constrained to note that as against sanction of Rs. 664.69 crore, (RIDF, VI, VII and VIII), the disbursement is only of the order of Rs. 114.35 crore. The Committee would like to be apprised for this mismatch.

H. Electrification of Dalit Basits

Recommendation (Sl. No. 26, Para No. 2.123)

32. The Committee had observed that no proposal was received under a new rural electrification scheme for electrification of Dalit Bastis by providing credit support to SEBs/Power Utilities/State Governments. The Committee had desired to know the outcome of the State Governments/SEBs who had been advised to formulate schemes for Dalit Bastis under this scheme.

33. To accelerate the programme of electrification of Dalit Bastis, the Government in their reply have stated that a new rural electrification scheme was introduced in January, 2002 to which the response from the SEBs was not encouraging. Two schemes as proposed for loan assistance of Rs. 192 lakh by APTRANSCO envisaging electrification of 2011 Dalit Bastis had been sanctioned during 2001-02. APTRANSCO is yet to execute loan agreement for these two schemes and draw the loan amount.

34. The Government have further stated that to make the programme of electrification of Dalit Bastis more attractive it is proposed to provide subsidy to REC which would be passed on to the States for electrification of Dalit Bastis.

35. Although, the Committee appreciate that the Government have proposed to provide subsidy to REC which would be passed on to the States to make the progamme of electrification of Dalit Bastis more attractive, the Committee would like to know the implementation of the above proposal by the Government and the outcome of this initiative so far. The Committee would also like to know the present status of two schemes proposed for loan assistance of Rs. 192 lakh by APTRANSCO during 2001-02.

I. Incentive to Corporate Houses for Rural Electrification

Recommendation (Sl. No. 27, Para No. 2.124)

36. The Committee had noted that 3 models were proposed for electrification of villages under the Rural Electrification Programme. This includes (a) electrification of villages through Renewable Energy Agencies/Electricity Boards/Power-Departments/State Governments; (b) implementation of project by non-government organization, panchayat raj institutions, cooperative societies and similar non-profit bodies and (c) giving concession of licence for electrification of village or cluster of villages to a corporate body or entrepreneur who will bring a part of investment and operate the project on commercial basis. The Committee had further noted that in all the cases arrangements were required to be made for long-term maintenance and servicing as well as collection of monthly charges and other dues from the users. The Committee had desired that for the promotion of intensive rural electrification, corporate houses should be given some incentives in the form of exemption in taxation, etc.

37. In their reply, the Government have stated that the proposals received from the corporate houses for the promotion of intensive rural electrification by giving some incentives in the form of exemption in taxation, etc., will be examined on merits in consultation with the concerned departments/agencies of the State Governments and Central Governments.

38. The Committee find that Government is inclined to examine on merit, the proposal of granting exemption on taxes, received from Corporate Houses, in connection with promotion of intensive rural electrification. In this context, the Committee would like to stress that instead of awaiting proposals from Corporate Houses, the Government should *suo-motto*, came out with packages of incentives, attractive enough, which may enthuse a Corporate House, to invest in rural electrification works. The Committee, desire that Government should apprise them of the action taken by them in this regard.

J. Uniform Definition for Village Electrification

Recommendation (Sl. No. 28, Para No. 2.125)

39. Taking note of the fact that the definition of village electrification as adopted by the Ministry of Non-Conventional Energy Sources

whereby a village would be deemed to be electrified if at least 60% of the households is provided with lighting, the Committee had recommended that a uniform definition be practiced and adopted by all the arms of the Government including the Ministry of Power. The Committee had also desired that the Ministry of Power should impress upon the States to update their statistics based on the October, 1997 definition but only 13 of the 28 States had revised the statistics all over the country.

40. In their reply, the Government have stated that the present definition of village electrification adopted in October, 1997 is restrictive and does not meet the aspiration of the rural people. The suggestions of the Parliamentary Standing Committee on Energy have been under the consideration of the Government and the issue has also been discussed with various concerned agencies *i.e.* Planning Commission, Rural Electrification Corporation, Central Electricity Authority and also the representatives of the State Governments/SEBs. Based on the process of consultation, a consensus has emerged that a village should be treated as electrified, subject to fulfillment of the following conditions:

(a) The basic infrastructure such as distribution transformer and/or distribution lines is made available in the inhabited locality within the revenue boundary of the village including at least one hamlet/Dalit Basti as applicable.

(b) Any of the public places like schools, Panchayat Offices, Health Centres, Dispensaries, Community Centres etc. should be able to avail power supply on demand.

(c) The ratings of distribution transformers and LT lines to be provided in the village will be finalized keeping in view the anticipated number of connections in consolation with the Panchayat/Zila parishad/District Administration, which will issue the necessary certificate of village electrification on completion of the works; and

(d) A minimum of 10 per cent households should be electrified in villages hitherto unelectrified, before the village is declared electrified, and this revision of definition would be prospective.

41. The Ministry of Power have reportedly proposed to finalise the above definition of village electrification, keeping in view the above suggestions, and to issue a notification in this behalf. The Ministry of Power has requested the States on 6th August, 2002 to offer their views on the proposed definition of village electrification. The revised definition of village electrification would be notified immediately on receipt of comments from the State Governments.

42. The Committee are happy to note that a consensus has emerged to revise the existing definition of village electrification by various concerned agencies such as Planning Commission, Rural Electrification Corporation, Central Electricity Authority and the representatives of the State Governments/SEBs. However, the Committee are concerned to note that although the consensus have been arrived at a meeting involving the representatives of State Governments/SEBs, the States have again been asked to furnish their views on the proposed definition of village electrification by the Ministry of Power on 6th August, 2002 which have not been received by the Ministry so far. The Committee, therefore, stress that such opinion, if required from State Governments should have been asked for in a time bound manner. The Committee expect that opinion of State Governance would have been received by the Government by now and await the information regarding notification of the revised definition of village electrification by the Government.

The Committee have taken note of draft conditions prescribed for electrification of a village [Refer Para No. 40 of the Report]. In this regard, the Committee would like to recommend that instead of minimum of 10%, 50% household should be electrified in a village, before a village is treated to be electrified.

K. Electrification of unelectrified villages

Recommendation (Sl. No. 31, Para No. 2.128)

43. The Committee were concerned to note that the task of identification of 80,000 unelectrified villages had not been fulfilled so far. The Committee wondered as to how the Government would undertake the rural electrification work, in the absence of such a list. The Committee had desired that the Ministry of Power should identify such unelectrified villages and furnish a list so that the various agencies entrusted with rural electrification could commence their work without any loss of time.

44. According to the Government, rural electrification is the primary responsibility of the SEB/State Government who own and operate distribution system in the States. Rural electrification schemes are formulated and executed by the respective State Government and thus the task of identification of the remaining unelectrified villages in the respective States can only be done by the States themselves.

45. The Committee are constrained to note that although the Ministry of Power have initiated several measures to complete village electrification by 2007 and ensure supply of electricity to households by 2012, yet the task of identification of unelectrified 80,000 villages remains to be executed. In the absence of such a list, the Committee failed to understand as to how the above targets could be achieved. The Committee, therefore, recommend the Government to undertake survey to identify the remaining unelectrified villages in a time bound manner. The Committee would like to be apprised of the action taken by the Government in this regard.

L. Electrification of de-electrified villages

Recommendation (Sl. No. 32, Para No. 2.129)

46. The Committee had observed that with the passage of time, some electrified villages, specially in Bihar had been de-electrified. The Committee had desired to know the reasons for such de-electrificaiton, the loss, incurred thereon and follow-up action taken to electricity the de-electrified villages, State-wise.

47. The Government, in their reply have stated that there have been reports of theft of conductors and poles etc. in Bihar which resulted into de-electrification of electrified villages. Law and Order is the responsibility of the State Government. The Government is reportedly concerned with the electrification of all villages by 2007 and adequate funds are being provided to the State Governments to take village electrification on a massive scale.

48. The Committee are dismayed to note that the villages already electrified by providing funds by the Union Government have been reported to be de-electrified due to theft of conductors and poles with the result the village electrification programme may not achieve the desired target of completion by 2007. Although, Law and Order problem is the responsibility of the State Government, the Committee feel that no purpose will be served to electrify the new villages when the electrified villages are being de-electrified. The Committee, therefore, urge the Government to take up the matter with the

respective State Governments to stop such thefts and to identify the de-electrified villages to ensure that village electrification programme by the year 2007 be completed as targeted.

N. Role of Public Representatives in Rural Electrification Programme

Recommendation (Sl. No. 33, Para No. 2.130)

49. The Committee had observed that in some of the States, notably UP, an MLA is entitled to propose some villages for electrification every year. In the opinion of the Committee, public representative should be allowed to sponsor social and economic schemes, including village electrification. The Committee, therefore, had recommended that a Member of Parliament should also be allowed to propose certain number of villages for electrification. The Committee had also desired that 90% for the project cost should be borne by Central Government in the form of grant and the remaining 10% met by the State Governments or sourced from MPLADs or MLA funds or other similar funds. The Committee were of the view that such a mechanism would improve the intensity and coverage of village electrification to a large extent and may ensure 100% village electrification by 2007.

50. In their reply, the Government have stated that a Member of Parliament is welcome to propose villages for electrification from funds out of MPLADs. As regards component of the grant portion to be borne by the Central Government, 90% grant is available to special category States and 30% grant is available to other States for Rural Electrification Programme.

51. The Committee find the reply of the Government vague and unsatisfactory as it is silent about the Committee's opinion of public representatives being allowed to propose certain number of villages for electrification. Since, in States other than special category States, 30% grants are available for rural electrification, the Committee feel that besides sponsoring villages from MPLAD funds of a Member of Parliament, he may also be involved in identification of villages in his constituency on the same line as an MLA is entitled to do. Although, the Government have welcomed village electrification from the funds out of MPLADs, the Committee would like to be apprised of the action taken by the Government in regard to proposal for village electrification on the recommendations made by the Members of Parliament.

55. The Committee were further informed that Group had been constituted by the Government of India of formulate a concept paper on tariff policy. The Group had also included the representatives of the State Governments to formulate tariff policy. The Committee had desired to know the role of CERC/SERC *vis-a-vis* the Group formulated by the Government to formulate tariff policy. The Committee had also desired to know the time by which the Group is likely to submit its report and the details thereon.

56. The Government have stated in their reply that so far NTPC is concerned, Government of India had constituted a group on 19th February, 2001 to prepare a concept paper on Tariff Policy keeping in view the objectives laid down in ERC Act, 1998. This Group has representatives from Ministry of Power, Central Electricity Authority, Central Generating Companies and SEBs/State Power Utilities.

57. This group has held 5 meetings and also obtained the views of various Stake holders such as NTPC, Power Grid, SEBs, etc., Tariff policy being formulated by Government of India should include financial and operating principles for determination of tariff so that these can be uniformly applied by CERC/SERC while determining tariff of different power utilities such as SEB, Independent Power Producer, Licensees and Central Public Sector Undertaking.

58. The Group is yet to submit the formulation of tariff policy to Government of India.

59. The Committee find that the Net Budgetary Support to NTPC has been approved by the Planning Commission at Rs. 330 crore only against the request of Rs. 13,209 crore by NTPC during the 10th Plan period. The Committee are constrained to note that with the low budgetary support and inadequate availability of Internal Resources, the earlier plan of about 10,000 MW power capacity addition will also be reduced. The Committee would like to know the alternative funding options, under study of NTPC and expect that the same may be worked out and sought urgently for investment in the capacity addition projects as targeted.

60. The Committee are further dismayed to note that although Government of Indian had constituted a Group on 19th February, 2001 to prepare a concept paper on Tariff Policy keeping in view the

objectives laid down in ERC Act, 1998 having representatives from Ministry of Power, Central Electricity Authority, Central Generating Companies and SEBs/State Power Utilities, the Group is yet to submit the formulation of tariff policy to Government of India. The Committee would like to know the reasons as to why even after 2 years of its constitution, the Group has failed to submit its report to the Government.

P. Interest Rates Charged by PFC

Recommendation (Sl. No. 42, Para No. 2.177)

61. The Committee had observed that the rate of interest charged by Power Finance Corporation (PFC) for different power schemes ranges between 11.5 and 14 per cent. In the opinion of the Committee the interests so charged were near commercial rate of borrowings. The Committee were of the view that PFC was set up with the primary aim of financing all power projects on a softer term lending. This indicated that PFC had failed to fulfil their mandate taking into consideration the commercial rate of borrowing charged by PFC from power utilities. The Committee, therefore had, desired that the subsidies given under Accelerated Generation and Supply Programme (AG&SP) being implemented by PFC whereunder 4% subsidy was granted to SEBs, defeats the very propose of the subsidy, especially when the schemes were subjected to commercial rate of borrowing. The Committee had recommended that the Government should re-examine the rates of interest being charged by PFC on term lending to power utilities.

62. The Government in their reply have *inter-alia* stated PFC officers the most affordable source of finance for the State Power Sector, both for short and long term. PLRs for most of the banks are in the range of 11.5% to 12% and a further spread of 3% to 4% are applied by these banks for funding long term to State Power Sector. Accelerated Generation and Supply Programme was implemented through PFC in 9th Plan. The proposal to extend this programme into 10th Plan need for reforms to power sector is under consideration. In keeping with market expectations, PFC has been regularly reviewing its interest rates for downward revision, as a result of which PFC had downwardly revised its interest rates four times within last one year.

63. The Committee are constrained to note that Power Finance Corporation (PFC) which was created to finance power projects, is charging near commercial rate even for State sector projects. In the opinion of the Committee, the 4% subsidy given under Accelerated Generation and Supply Programme (AG&SP) to SEBs have been fritted away by PFC. Taking into consideration, the softening of interest rates world over including India and results of power sector reforms, in various States, the committee feel that there is little justification of continuing subsidy regime under AG&SP. The Committee are of the view that since commercial interests guide PFC while formulating their fiscal policies, plans and programmes, no public interest would be served by continuing this scheme in the 10th Plan. The Committee desire that Government should discontinue the subsidy scheme and savings so accrued be appropriated for on-going hydel projects languishing for want of adequate funds.

Q. Project Implementation by National Hydro-electric Power Corporation (NHPC)

Recommendation (Sl. No. 43, Para No. 2.202)

64. The Committee were constrained to note the huge variations in Plan Outlay of NHPC for 2001-02 for completed projects. Against, the budget estimates of Rs. 7.08 crore for completed projects, the revised estimates had been Rs. 196.27 crore during 2001-02. The Committee were, further perturbed to note that against a budgeted outlay of Rs. 150 crore for Survey & Investigation, the revised estimates were Rs. 67.46 crore only, although a huge hydel generation capacity remained untapped. The Committee took a strong note of the casual approach in planning of funds at budget stage and had desired to know the reasons for this huge variation in Plan Outlays. The Committee felt that unless responsibility be fixed, realistic outlay and targets could not be achieved. The Committee, therefore, had expected that the Government after failing to achieve budgeted outlay for different schemes by CPUs, would at least now act and take necessary steps to improve the plan formulation.

65. Regarding plan outlays by NHPC, the Government in their reply have stated that for completed projects, a provision of Rs. 7.08 crore kept in BE 2001-02 was enhanced to Rs. 196.27 crore at RE 2001-02 to capitalize interest during construction accrued till commercial

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

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

The Committee have reviewed the capacity addition programme of power during the 9th Plan. Indeed, it is no better when compared to 8th Plan's targets and achievement. For instance, during 8th Plan period as against a target of 30538 MW, actual achievement was 16423 MW. However, during 9th Plan as against the projection of 40245 MW only 18917 MW is likely to be achieved. Here again over-ambitious targets were projected and schemes were planned but commensurate follow-up actions were no where in sight, resulting in the slippage of the targets. Committee's scrutiny, has revealed that performance of Central Sector and Private Sector during 9th Plan was miles away considering that 39.58% and 29.22% of the original targets, respectively, were achieved by them. The State Sector, however, realized 84.33% of their assigned targets. This shows that not only the Private Sector failed, the Central Sector also did not rise to the occasion. The only ray of light was seen in the State Sector which realized 84% of their target. In regard to Thermal and Hydel mix, the Committee noted that the achievement of Central Hydel Sector is likely to be in the range of 540 MW, as against a target of 3455 MW. Another 86 MW, will be the contribution of Private Sector, against a projection 555 MW. The State Sector may end up with 3891 MW, against a target of 5807 MW. Under thermal capacity addition programme, as against a target of 29950 MW the realization may not exceed 13866 MW. The Committee therefore, have, come to an irresistible conclusion that over-optimistic and unachievable targets, is a permanent phenomenon, in the Ministry which is hard to break. In spite of this Committee's cautioning from time to time to project realistic and achievable targets, the matter has gone from bad to worse. The Hydel Sector, has failed to materialize its targets, consequently leading to adverse Hydel Thermal mix. Over-dependence and a total reliance on Private Sector, have left us no where. It is in this context that the Committee feel that it may not be desirable for the Government to diminish their role or withdraw themselves from power sector lest Private Sector should fail us again.

The Committee are of the opinion that power sector should be rejuvenated and restructured. There is a need to extend adequate Budgetary support to Hydel Sector, so that optimal 60:40 hydel-thermal ratio mix be attained the Planning Commission estimated a feasible capacity addition of 47,000 MW during the 10th Plan. Considering the 8th & 9th Plans performance, this target seems to be difficult to achieve. The Committee would like to be apprised of the follow-up corrective action taken in the aftermath of failure of 9th Plan so that 10th Plan targets do not undergo any major falls. The Committee's close scrutiny has revealed that lack of investment decision in thermal PSUs, delay in receipt of foreign assistance, submission of DPRs, are some of the reasons under Central Thermal Sector, for projects being slipped from 9th Plan. The projects under Private Sector slipped on account of failure to achieve Financial Closure, litigation etc. Funds constraints, land acquisition/R&R problems, adverse law & order contractual problems were some of the reasons attributed for slippage of Hydel projects. A close look at these reasons indicate that these are not new and had been witnessed even during 8th Plan period and earlier also. There are some pitfalls but they are not insurmountable. The Committee, therefore, reiterate their earlier recommendation, that only achievable and realistic targets ought to be fixed for capacity generation proramme and desire that project-wise reason be gone into and responsibilities should be fixed for projecting unrealistic targets and failure to achieve the targets fixed. The Committee urge that, learning from past failures, the Government should, at least now, project 10th Plan targets which are realistic.

Reply of the Government

For the 10th Five Year Plan, a target of 41,000 MW has been finalized which includes about 22,800 MW in the Central Sector whereas the share of the State and Private Sectors would be about 11,100 MW and about 7,100 MW, respectively. This programme has been finalized after having a very detailed discussion with the State Utilities and also the State Governments. The targets were recently reviewed in a National Conference which was held on 8th-9th July, 2002 wherein it was realized that the target was definitely realistic and achievable. What gave added confidence was that 19,000 MW capacity is already under construction whereas another 8,500 MW have the requisite approvals. On the question of funds, the Ministry of Power has been allocated an outlay of approximately Rs. 143,000 crore which is about 214 times higher than what was the 9th Plan outlay. The GBS has also gone up from Rs. 15,000 crore to Rs. 25,000 crore implying an increase of approximately 67%.

Regular monitoring would be one of the key features of the capacity addition programme in the 10th Plan for which a detailed Action Plan has been prepared which gives the milestones to be achieved in respect of each of the projects identified. While the Central Electricty Authority would do monthly reviews, the Ministry of Power, in association with the CEA, would review the projects every quarter. In addition to this there would be a six monthly review where representatives of the State Governments and other project authorities would be invited.

Keeping in view the declining hydro-thermal mix over the last few Plan periods, and added thrust is being given to the hydro sector in the 10th Plan period. Out of the target of 41,000 MW, the share of the hydro sector would be around 14,400 MW which is about 35% of the total target. To promote the hydro sector, the Government of India had introduced the Hydro Policy in 1998 and recently, the Central Electricity Authority have conducted a ranking study of 400 hydro sites in the country having a total potential of 107,000 MW. The objective is to prepare a shelf of hydro projects complete with detailed project reports.

The Central hydro sector did not fare satisfactorily in the 9th Plan primarily on account of the Tehri and Nathpa Jhakri projects. While the Nathpa Jhakri project was delayed due to flash floods amongst other reasons, the Tehri project has been afflicted by factors, such as, environmental agitations, and problems in rehabilitation and resettlement. Both these projects are progressing satisfactorily and would be commissioned during the 10th Plan period.

[Ministry of Power F. No. 20020/8/2002-Bud. Dated 12/11/2002]

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

The Committee are unhappy to note that although the Budget Estimates for Power Generation for the year 2001-02 were revised to Rs. 2826.68 crore from Rs. 2269.98 crore, the actual utilization during the year was only about Rs. 1109 crore. The Committee have observed that the Plan expenditure for Badarpur Thermal Power Plan was Rs. 8.51 crore against the revised expenditure of Rs. 14.47 crore during 2001-02. No funds were released for Sardar Sarovar project against

Revised Estimates of Rs. 2.51 crore. Similarly, the revised plan outlay for power generation in respect of NJPC, THDC, NEEPCO, etc. could not be utilized. Again, in the area of incentives to State Electricity Boards, the actual funds utilization was Rs. 70 lakh only as against the plan outlay of Rs. 30 crore. The Committee take a strong note of the under-utilisation of planned expenditure by different power generating agencies and feel that the implementing and monitoring agencies should thoroughly examine the various problems and bottlenecks which are hindering the proper utilization of funds and take corrective action immediately. The Committee should be informed of the action taken in the matter. The Empowered Committee under Secretary, Ministry of Power should play pro-active role as facilitator.

Reply of the Government

The BE 2001-2002 for Power Generation was Rs. 2269.98 crore which was raised to Rs. 2826.68 crore at RE Stage. Against that the actual expenditure was Rs. 2244.35 crore as under:—

(Rs. in crores)

SL No.	Name of the schemes	BE 2001-02 PLAN	RE 2001-02 PLAN	Actual 2001-02 PLAN
1	2	3	4	5
Power Generation				
1.	B.T.P.P.	9.3100	14.4740	27.39
2.	B.T.P.S.	0	0	0
3.	Sardar Sarover Project	36.2700	2.5100	0
4.	N.J.P.C.	562.0000	820.0000	752.35
5.	T.H.P.C.	200.0000	142.7600	161.17
6.	N.H.P.C.	1278.1500	1769.7200	1251.59
7.	N.T.P.C.	0	0	0
8.	N.E.E.P.C.O.	125.0000	66.5200	41.28
9.	D.V.C.	0	0	0

1	2	3	4	5
10.	P.T.C.	50.0000	0	0
11.	PFC Loan	0	0	0
12.	Incentives to SEBs	2.5000	3.5000	3.47
13.	Incentives for reduction in Secondary Fuel	2.2500	7.0000	6.95
14.	Incentives for reduction in T&D	4.5000	.2000	0.15
15.	R&M of TPSs (SEBs)	0	0	0
	Total	2269.9800	2826.6840	2244.35

It may be seen from there that actual expenditure on Power Generation was almost upto the BE level though there is saving of Rs. 582.33 crore with reference to RE. The major saving occurred under NHPC, NEEPCO and Sardar Sarovar Project. The saving of NHPC was due to ful non-approval of New Schemes. As regards seving in Sardar Sarovar Project, it is mentioned that Government of India had decided in 1984 to contribute towards the Rescuers gap in the share of Madhya Pradesh amounting to Rs. 300 crore approximately for the execution of Sardar Sarovar Power Project. The funds are released based on the contributions made by the Government of Madhya Pradesh in the proportion of 1:28:1.57% share of Madhya Pradesh is in the Power component of Sardar Sarovar Project (1450 MW). An amount of Rs. 297.4 crores has been released so far. Though the Government of Gujarat has been requesting for increasing the Government of India contribution to around Rs. 2000 crore in view of the increase in the Project costs. No matching requirement for release of funds during the year has been received from the Government of Madhya Pradesh. Hence the saving.

As regards monitoring of expenditure, it is mentioned that now funds Utilisation is closely monitored by us. Regular budget review meetings have been held with all concerned to ensure that such savings/surrender do not take place in future.

The Empowered Committee headed by Secretary (Power) was constituted at the behest of Ministry of Programme Implementation to review periodically 9th Plan Capacity addition programme. The Committee met last in February, 2002.

A Power Project Monitoring Committee under the Chairmanship of Special Secretary (Power) has been constituted which is periodically reviewing the progress of the 10th Plan Capacity addition programme.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12/112002]

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

The Committee find that, hydro potential in the country is 150,000 MW. Out of this only 17% of hydro power has been tapped so far. Although the Government have reportedly taken steps to reduce time and cost overrun's of hydro electric projects by adopting a 3 stage development strategy, the Committee observe the persistent poor performance and slippage of hydel power projects. The capacity addition during 2000-01 in Central Sector was only 75 MW, in State Sector this was 1140 MW. The total hydro power capacity addition during the first four years of 9th Plan was 3362 MW against 11509.66 MW of thermal power generation. Although the Government have reportedly taken steps to step up investments and setting up Joint Ventures in Hydel power generation projects, the Committee feel that these are being held up due to problems like statutory clearances, fund constraints, problems regarding evacuation and sale of power, etc. The Government have stated that number of Joint Venture projects are being taking place in NHPC and NEEPCO. The Committee, therefore, recommend that a contingent plan be formed by the Government for timely completion of on-going and future hydel projects in the country.

Reply of the Government

It is programmed to add hydro capacity of 14,393 MW during the Xth Plan. This capacity addition has been planned after extensive consultations with the State Governments, Central Power Public Sector Undertakings, Private Power Developers and financial institutions in the Power Ministers' Conference recently organised by the Ministry of Power on 5th August, 2002 keeping in view the available clearances, stage of execution and projected availability of funds for these projects. The process of obtaining clearances has been streamlined for execution of projects and development of necessary infrastructure to ensure speedy implementation of projects and avoid time and cost overruns. With a view to create a shelf of feasible projects, the inter-se-prioritisation of 399 hydro sites within various basins has been carried out so that hydro development can be taken up in an appropriate sequence. About 150 hydro projects have been identified for survey and investigation and an Action Plan is being formulated in consultation with the States. Efforts are also being made to minimize contractual problems to avoid delay in project execution.

The Government have also stepped up its efforts including strengthening of the Review Mechanism to ensure that the targeted capacity addition is achieved. Some of the measures which are being taken in this regard are as follows:

- For ensuring full funding of ongoing hydro projects, funds are being release as per priority for completion. The allocation under the X-Plan has also been substantially increased for hydro power projects.
- Periodic review by Empowered Committee chaired by Secretary (Power) with representatives from the Ministry of Finance, Ministry of Statistics and Programme Implementation, Planning Commission, etc.
- Power Projects of Central PSUs are reviewed in Quarterly Performance Review meetings taken by Secretary (Power).
- Stepped up regular review of hydro projects by Power Projects Monitoring Committee headed by Special Secretary (Power) Additional Secretary (Power) comprising representatives from Central Electricity Authority, Central Power Public Sector Undertakings, etc.
- Region specific sub-committees in CEA to review and appraise the projects in Central, State and Private Sectors.
- Ministry of Statistics and Programme Implementation also continuously reviews the progress of the ongoing projects costing Rs. 100 crores and above.
- To resolve the last mile problems of the private power promoters, a Crisis Resolution Group under the chairmanship of Minister of Power reviews the progress from time to time.
- Periodic visits to Projects and review depending upon progress of work and criticality of projects.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12/11/2002]

Recommendation (Sl. No. 14, Para No. 2.68)

The Committee have noted that in pursuance of the recommendation of 8th Plan a National Energy Efficiency Programme was envisaged under which a saving of 2750 MW was projected at demand side management. The Committee are deeply concerned to find that on account of funds constraints not a single MW of electricity could be saved. The Committee are at a loss to understand as to why not targets were fixed for energy conservation including demand side management during 9th Plan. In the opinion of the Committee, saving of one MW of energy yields a recurring saving of more than Rs. 4 or 5 crore. In view of the enormous potential of Demand Side Management the Committee, recommend that the conservation measures with a missionary zeal so that there is little need to set up more power plants in the country. The Committee further recommends that the Government should step up budgetary allocations for energy conservation measure in a big way.

Reply of the Government

A National Energy Efficiency Programme (NEEP) was envisaged in the 8th Plan with a target saving of 5000 MW. It envisaged a target of 2250 MW on the supply side and 2750 MW on demand side. Although, the supply side target having earmarked funds was achieved, but the monitoring, verification of energy savings in the demand side could not be carried out to disburse end-users. Moreover, due to absence of dedicated funds for the various programmes envisaged under the demand side in the Action Plan, no concrete programmes could be taken-up. However, significant savings have been achieved in the industrial sector through end-use energy efficiency by the implementation of National Energy Conservation Award Scheme. It gives national recognition to such industrial units which have taken special efforts in the field of energy conservation and aims at creating an environment that spurs industries to achieve excellence in reducing their energy intensities while maintaining the production level. The Award participating units for the years 1999, 2000 and 2001 have collectively saved.

- 1214 million kWh of electrical energy, which is equivalent to the energy generated from a 235 MW thermal power station at a PLF of 60%

* 5.15 lakhs kilometers of furnace oil.

* 7.58 lakhs metric tones of coal.

* 7080 lakhs cubic meters of gas per year.

* In the monetary terms, these units have been able to save Rs. 11580 million (Rs. 1158 crores) per annum with an average playback period of 2 years. The details in this regard are as follows:

SUMMARY OF ENERGY SAVINGS ACHIEVED BY INDUSTRIAL UNITS PARTICIPATING IN MINISTRY OF POWER'S ENERGY CONSERVATION AWARD SCHEME (1999,2000 AND 2001)

Year	Saving in Rs. Crores	Invest-ments in Rs. Crores	Electrical Energy Savings		Furnace Oil savings in Million KL	Coal savings in million metric tonnes	Gas savings million cubic meters
			Million kWh	Equivalent avoided Capacity In MW			
2001	587	659	485	90	0.221	0.479	392.9
2000	366	630	524	100	0.1327	0.064	70.7
1999	205	940	205	45	0.162	0.215	244.4
Total (in 3 years)	1158	2229	1214	235	0.5157	0.758	708

Note : On an average a total of 120 industrial units from Aluminum, Cement, Chemicals, Chlor-alkali, Fertiliser, Integrated Steel, Paper & Pulp, Petrochemicals, Refinery and Textile participate every year in the Energy Conservation Award Scheme.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12/11/2002]

Recommendation (Sl. No. 15, Para No. 2.69)

The Committee are also unhappy to note that although a provision of Rs. 5 crore was made during each of the years 2000-2001 and 2001-2002 to the Central Power Research Institute (CPRI) to formulate a scheme for implementing the recommendations made by it in regard to energy Audit Reports of 20 thermal power stations. No scheme could be formulated except holding discussions with various power utilities during 2001-2002. The Committee cannot but deplore the way the Central Power Research Institute has conducted audit reports to evolve a scheme to establish a model energy saving company in the country during the last 2 years and recommend that all necessary steps should be taken so that the task be completed during 2002-2003. The Committee would like to be apprised to the action taken and progress achieved in this regard.

Reply of the Government

CPRI have informed that during January, 2001 they had contacted various power stations (where energy audits were carried out by them) regarding the implementation of the recommendations made in their Audit Reports through the Energy Service Company (ESCO) scheme. Through discussions a view emerged that the earlier energy audit should be re-looked keeping in mind the Renovation and Modernization (R&M) activities; the power stations were concentrating more on R&M activities than on implementing the energy audit recommendations. Further, TPSs were relctant on the modalities of financing and operation of the scheme.

It has now, been decided that CPRI should form an Energy Efficiency Project Division with 10-12 good energy auditors to implement energy efficiency projects in thermal power stations as well as in the buildings & establishments. The work out of this Division would involve carrying out of energy audit, preparation of Detailed Project Report. Indication of performance, the total project cost and energy saving possibilities. The Energy Efficiency project Division will implement the project by investing the project cost and recover the same through guaranteed savings in revenue sharing arrangement with the project authorities. The Bureau of Energy Efficiency (BEE) will provide detailed training to the CPRI team in a time bound manner.

This Ministry and CPRI have noted the recommendation of the Committee and CPRI has agreed to prepare an action plan to implement the recommendation within the current financial year 2002-03.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12/11/2002]

Recommendation (Sl. No. 17, Para No. 2.72)

The Committee are not satisfied with the pace of Renovation and Modernization (R&M) works undertaken both for thermal and hydel sectors during the 9th Five Year Plan. For instance, under thermal sector, as against a physical target of 786 R&M activities only 404 R&M activities were attended to. Further as against a financial target of Rs. 1137.00 crore the actual achievement was of the order of Rs. 650.00 crore. Moreover for Life Extension Works as against 28 units proposed to be involved, only 19 units could be associated with Life Extension Works. There is a huge variation between the projected expenditure and the actual achievement for Life Extension Works. Similarly under the R&M of hydel projects as against a physical target of 36, actual achievement was only 20 and as against a financial target of Rs. 917.00 crore actual achievement was Rs. 598.00 crore. The Committee have further noted that the target fixed for 10th Plan have been downsized. For example, it is proposed to involve only 35 units for R&M works in 10th Plan as against 198 and 130 achieved in 8th and 9th Plans respectively. The capacity involved for R&M works have also shown a declining trend. For instance, the capacity involved in 8th Plan was 20870 MW, which got reduced to 17305 MW in 9th Plan and further dipped to only 6440 MW in 10th Plan period. The Committee have come to an irresistible conclusion that there is a lock of interest on the part of the Government in pursuing vigorously the R&M works for both thermal and dydel projects. The Committee have been informed that a perspective plan was drawn up by the Ministry of Power for undertaking R&M works in the 10th Plan and beyond. Unfortunately, the action taken by the Ministry of Power indicates to the contrary. The Committee, therefore, desire that the Government should undertake a fresh survey of all the on-going thermal and dydel units and identify the units requiring R&M in all the sector *i.e.* Central State and Private Sectors. The Committee further recommend that the Government should undertake R&M of the potential units at a war-footing. The Committee would like to be apprised of the action taken by the Government in the matter. The Committee should also be informed about the improvement in generation due to R&M works undertaken during 9th Plan.

Reply of the Government

Out of 786 R&M activities identified during the 9th Plan for thermal power stations, 410 activities have now been completed and 230 activities are in progress and are at various stages of implementation. The main reasons for the shortfall in targeted achievement are under:—

(a) Slow action by the Boards/Utilities due to financial constraints;

(b) Non availability of the shut down of the units due to power supply position.

(c) The expectation of SEBs to get Central Grant under APDP (Accelerated Power Development Programme) which has since been withdrawn by the Government of India; and

2. Some of the left over activities would be taken up by SEBs/ Utilities along with the comprehensive R&M (life extension programme) scheme programmed for implementation during the 10th Plan.

3. Out of 28 thermal units proposed for Life extension works during 9th Plan, work on 20 units have been completed and the work is in progress on remaining 8 units. Against the estimated cost of Rs. 1794 crores, an amount of Rs. 1386 crores has been spent.

The main reasons for not achieving the targeted completion are as under:

(a) The work on Unit-2 at Panipat could not be completed due to contractual problems between HPGCL and Alstom Power/ABB. The balance works have now been entrusted to M/s BHEL and the Unit is expected to be re-commissioned by December, 2002.

(b) Due to delay in the timely completion of life extension works on units 3, 4 & 5 at Ennore TPS of TNEB because of post commissioning technical problems, the LE Works on other units 1 & 2 could not be taken up as per schedule.

(c) Work on thermal units of Korba (East) TPS 1&2 of Chhattisgarh could not be taken up as per schedule due to delay in the bifurcation of assets and liabilities between the state of Madhya Pradesh and newly created state of Chhattisgarh.

3. During the 8th Plan, 198 thermal units were covered under R&M Programme. In this programme, only need based R&M works required to sustain/improve their performance and the works relating to environment improvement, safety and obsolescence were covered.

4. During the 9th Plan, 28 thermal units which had completed their designed useful life of 25 years were programmed for comprehensive R&M called life extension programme so as to extend their useful economic life. In addition, 130 thermal units were taken up for need based R&M work which included some of the left over works from the 8th Plan and some additional works identified subsequently.

5. The CEA and the Ministry of Power have been reviewing the R&M programme from time to time. The R&M programme for the 10th Plan has been drawn in consultation with power utilities in the State and Central sectors.

6. During the 10th Plan, 35 thermal units under State Sector that are not very old and do not need life extension have been identified for need based R&M works. Under the Central Sector, 22 Units have also been identified for R&M. In addition, 106 thermal units (91 units under State Sector and 15 units under Central Sector) that have completed their designed life of 25 years have been identified for Life extension.

7. The following thermal capacity has been programmed for R& M and life extension under State and Central Sectors during the 10th Plan.

PARTICULARS	STATE SECTOR		CENTRAL SECTOR		TOTAL ALL-INDIA	
	R&M	LE	R&M	LE	R&M	LE
No. of Units	35	91	25	15	60	106
Capacity	6440 MW	8683 MW	6560 MW	1730 MW	13000 MW	10413 MW

8. The R&M programme planned for the 10th Plan covers a thermal capacity of 23413 MW under the State and Central Sector covering all those units which require R&M works. Thus, a much higher capacity is being planned for R&M/Life extension during the 10th Plan. As such, there is absolutely no lack of interest on the part of the Government in pursuing the R&M works. Rather, Government of India have accorded a high priority to the R&M programme and is pursuing it vigorously. The Govt. of India is also providing loan assistance to SEBs/Utilities through PFC at concessional interest rates for R&M. The CEA is assisting the SEBs in the formulation of their R&M schemes.

9. The R&M programme is being executed by the concerned SEBs/ Utilities. However, the CEA and the Ministry of Power are closely monitoring the progress and providing guidance and assistance for expeditious completion. Regular site visits are undertaken by CEA officers and review meetings held from time to time with power stations/utilities.

10. The assessment of the improvement in generation due to R&M works completed during the 9th Plan will be done after completion of major portion of R&M works. Moreover, the performance of the Units will need to be watched for 1-2 years to make a proper evaluation of the improvement in generation achieved.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12.11.2002]

Recommendation (Sl. No. 20, Para No. 2.91)

The Committee further observe that against the fund requirements of the order of Rs. 50,000 crore with APDP component of around Rs. 25,000 crore in the 10th Plan to cover over 415 distribution circles in the country, a provision of Rs. 3500 crore has been made for the year 2002-03. Moreover, the proposed funds include investment of Rs. 2000-2500 crore in upgradation of sub-transmission and distribution network and the balance for R&M projects and for providing incentives to SEBs for reducing cash loss net of tariff increase and additional power purchase and sold. The Committee are unhappy to note the low investment proposal of about Rs. 2000-2500 crore during 2002-03 for upgradation of sub-transmission and distribution network against the requirements for Rs. 5000 crore per year during 10th Plan. The Committee would like-to know the position of matching investments by SEBs/State Governments during the past 2 years and the steps taken to overcome constraints, if any, in implementation of Accelerated Power Development Reform Programme.

Reply of the Government

In the past two years (*i.e.* FY 2000-01 & 2001-02), Ministry of Power released Rs. 978.03 crores APDRP funds to the states. The non-special category states were to arrange counter part funding for Rs. 898 crores. Counter part funding for Rs. 5121.28 crores has been arranged by the states. In the financial year 2002-03, as against Rs. 2000-2500 crores, APDRP budget provision for upgradation and sub-transmission & distribution, non-special category SEBs, Utilities are expected to provide equal amount, *i.e.* approximate Rs. 2000-2500 crores by way of counter part funding from PFC/REC/Financial Institutions.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12.11.2002]

Recommendation (Sl. No. 21, Para No. 2.92)

The Committee feel that there is a need to check T&D losses and theft of electricity. It would help in saving quite a big amount of electricity and consequent need for additional funds.

Reply of the Government

Concerted efforts are being made to check T&D losses and theft of electricity. The Central Government has also given priority to reduction of transmission & distribution losses including power theft. The Central Electricity Authority has issued guidelines for reduction of transmission and distribution losses including power theft and for conducting Energy Audits in power systems. These guidelines have been circulated to all the power utilities who are taking the following steps to prevent the theft of energy:—

(a) Mass checking drive is carried out periodically by vigilance squads as well as field staff. Inspections are being carried out by district units of engineers and prosecutions of erring consumers are launched by Police Officers manning the anti-Power theft Squads.

(b) Installations are being made pilfer proof.

(c) A scheme for incentive to informants is in operation. A scheme to recognize the performance of individuals to curb theft of energy by providing incentive to deserving officers/employees has also been introduced.

(d) Load inspection study for major load centres is being conducted.

(e) Penalty for imprisonment is also being imposed on the culprits.

(f) With the help of computerization of billing process, abnormal consumption of consumers is being detected. If consumption is less than 15% of the average, cases are immediately inspected for detecting possible tampering of meter/theft of energy.

The Government of India has also launched a scheme for Accelerated Power Development Programme for renovation & modernization/Life Extension and uprating of existing old power plants and upgradation of sub-transmission & distribution network including energy audit activities and metering in the distribution circles in a phased manner. In the first phase of this programme since rechristened as Accelerated Power Development and Reform Programme (APDRP), 63 distribution circles in the States have been taken up for intensive upgradation so as to serve as models for remaining circles in the country for improvement in a phased manner. The Government has made an allocation of Rs. 3500 crores during 2002-03.

The Government of India had also set up a Steering Committee for preparing Guidelines/manuals for improvement of Sub-transmission & distribution systems on a scientific basis. These include guidelines on Energy Accounting and audit, which would help in containing commercial losses.

Necessary amendments have been enacted to the IE Act, 1910 to make theft of electricity a cognizable offence. Stricter provisions and penalties are envisaged in the Electricity Bill, 2001 in case of power thefts.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12.11.2002]

Recommendation (Sl. No. 27, Para No. 2.124)

2.124 Committee have noted that 3 models have been proposed for electrification of villages under the Rural Electrification Programme. This includes (a) electrification of villages through renewable energy agencies/Electricity Boards/Power Departments/corporate entities set up by the Union Government/State Governments; (b) implementation of projet by non-Government organizations, panchayat raj institutions, cooperative societies and similar non-profit bodies; and (c) giving concession or licence for electrification of village or cluster of villages to a corporate body or entrepreneur who will bring a part of investment and operate the project on commercial basis. The Committee have further noted in all the cases arrangement is required to be made for long-term maintenance and servicing as well as collection of monthly charges and other dues from the users. The Committee desire that for the promotion of intensive rural electrification, corporate houses should be given some incentives in the form of exemption in taxation, etc.

Reply of the Government

The proposals received from the corporate houses for the promotion of intensive rural electrification by giving some incentives in the form of exemption in taxation etc. will be examined on merits in consultation with the concerned departments/agencies of the State Governments and Central Government.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12.11.2002]

Comments of the Committee

(Please *see* Para No. 38 of Chapter I of the Report)

Recommendation (Sl. No. 29, Para No. 2.126)

2.126 The Committee have noted that the Prime Minister had announced a special package for socio-economic development of the North-Eastern States during January, 2000. In pursuance of the PM's special package, electrification of 500 tribal villages was to be undertaken. Out of 500 villages the electrification of 165 villages was to be undertaken in phase-I and remaining 335 villages in phase-II.

CEA was entrusted with formulation of village electrification schemes. The Committee are concerned to note inordinate delay in the formulation and approval of village electrification scheme by CEA. As a result of such delays as against 165 tribal village to be electrified by March, 2002 only 45 villages could be electrified. The Committee do not approve of the casual approach of the Ministry of Power and the Planning Commission in undertaking schemes of such a vital importance for North-Eastern region. The Committee have been informed that the scheme of electrification of tribal villages has now been merged with Pradhan Mantri Gram Udyog Yojana and the funds would be released from this body. The Committee would like to emphasise that the Government should undertake the electrification of the remaining villages on a war-footing and complete the task in a time-bound manner. The Committee would like to be appraised of the action taken by the Government in this regard.

Reply of the Government

The implementation of special package for socio-economic development of the North-Eastern States under which electrification of 500 tribal villages was to be undertaken was examined by Central Electricity Authority (CEA). According to CEA, they had examined the scheme on the basis of reports submitted by North-Eastern States within a period of one month. As such, there has been no delay on the part of the CEA. Subsequently, the schemes submitted by North-Eastern States for 335 tribal villages to be covered in phase II was also examined by CEA in less than a month period for release of funds.

The progress of village electrification is being reviewed regularly in high level meetings. However, the progress has been slow as NE States are reluctant to implement the schemes under RE component of PMGY as it not an additionality to the States. In view of this, it is proposed to provide additionality of funds for electrification of 500 tribal villages either from Non-Lapsable Central Pool of Resources or special additional fund through Ministry of Power. In any case, all the 500 villages would be electrified by March 2004.

[Ministry of Power F. No. G-20020/8/2002-Bud. Dated 12.11.2002]

Recommendation (Sl. No. 34, Para No. 2.140)

The Committee have noted that the Central Electricity Authority (CEA) have suitably revised their procedure for according techno-economic clearance to thermal and hydel projects, whereby, time of appraisal has been reduced to 90 days after the receipt of a completed Detailed Project Report (DPR). The Committee have noted that major public sector organizations such as National Thermal Power Corporation (NTPC) and National Hydel Power Corporation (NHPC) have expressed their reservations and concern for the inordinate delay in according approval to power projects. In the opinion of these organizations, even the recast procedure may not yield the desired result. The Committee desire that CEA should further recast their appraisal system taking into consideration the views of NHPC and NTPC. The Committee are not in agreement with the contention of CEA that projects are now apprised by CEA within 90 days of receipt of DPR. For instance, Transmission System associated with Ramagundam Stage-II Project was cleared after 10 month of the receipt of modified project report. The Barh super Thermal Power Project in Bihar of NTPC was cleared after 15 months. Similarly, projects like Maneri Bhali Stage-II, Pragati CCPP (DVB) Power Projects were cleared after one and a half years and Ramgarh TPS II Power project was cleared after more than 2 years of the receipt of completed DPR. The Committee feel that CEA have abdicated their responsibility enshrined under Section 3 of the Electricity Supply Act, 1948 which *inter-alia* cast a duty on CEA to promote and assist in the timely completion of power schemes sanctioned under the provisions of this Act. Under Section 31, CEA has been empowered to modify the scheme, in such manner, so as to ensure that the scheme conforms to national power policy. In the opinion of the Committee, the role of CEA should be a facilitator and guide the prospective promoter. Secondly the activities of CEA, is hampering the development of power projects. It has been brought to the notice of the Committee that while appraising a project, CEA raise objections in piecemeal and not in one go, thereby delaying the clearance of the project, inordinately. The Committee feel that there is a need to have a fresh look at the role to be played by CEA in the changed economic scenario. The Committee desire that on submission of a DPR to CEA, by any public or private body, CEA should examine it and objections of any should be raised in one go. Thereafter, on meeting those objections, clearance should be given with three months.

Reply of the Government

The recommendation of Standing Committee primarily pertains to delays in according approval of Power projects by CEA. The matter has been examined and status of processing of various proposals as referred to in the report *viz.* Barh STPS Maneri Bhali St. II, Pragati CCPP, Ramgarh TPS II is appended for kind perusals of the committee.

It appears that regarding the processing of the proposals referred to in the report of the committee, full facts about the level of completeness of the proposals as submitted by the project proponents have not been brought to the notice of the committee. It was found that required inputs/clearances, proper justification along with other required technical/cost details submitted originally with the DPRs were inadequate to consider issue of TEC as per provisions of ACT and various notifications of Govt. The suggestions/observations of CEA are made keeping in view the provisions of E(S) Act, 1948 and sent in the form of comments. It is essential that the issues raised are attended to by the Generating Companies so that techno-economic aspects of the proposals are set in order which is ultimately to ensure optimality in use of National firm resources and protection of interest of the consumer. Section 31 of E(S) Act, 1948 requires the Generating Company/SEB to modify the scheme as specified by CEA in its requisition (comments sent). the onus of modification is with the project proponent. For instance, NTPC took almost over 10 months in agreeing to reduce the cost by Rs. 889 cr. As suggested by CEA, in case of Barh TPS. In case of Pragati CCPP, TEC was issued after all issues were settled except MOE&F clearance, which was received subsequently. At times comments are sent in piecemeal, so as to apprise the project proponents for contradictions in subsequent comments. In fact this approach is adopted to expedite the process of clearance and not to delay the same. It may kindly be seen that immediately after all the inputs/clearances were furnished, cost details fine tuned as per requisition of CEA and TEC was issued. A brief gist of time taken by CEA, with reference to last few inputs/clearances, in according TEC is given below for the kind perusal of the committee.

(i) Barh TPS-revised submission of NTPC (with cost reduction of Rs. 887 cr.) received on 28.9.2001, MOE&F clearance received on 21.9.2001 (major pending input), TEC issued on 28.9.2001/1.10.2001.

(ii) Pragati CCPP-revised scope of supply, technical particulars, project cost submitted on 31.12.1999, funding arrangements submitted on 2.2.2000. TEC issued on 10.2.2000.

(iii) Ramgarh CCPP-Transfer of linkages on 22.1.2001, revised SPCB clearance on 25.1.2001, fuel allocation on 5.2.2001. TEC issued on 16.2.2001.

(iv) Transmission system associated with Ramagunda St.II-revised FR from POWERGRID received *vide* their letter 10.4.2000, cleared in TEC meeting on 25.7.2000.

(v) Maneri Bhali-II HEP-forest clearance received on 12/99, compliance of Section 29(2) on 1/2000, inter-State aspect clearance received in 2/2000. TEC issued on 14.2.2000.

3. In so far as the clearance of hydro schemes such as Maneri Bhali Stage-II is concerned, the examination of the proposals has also to look into civil engineering aspect, *viz.* Hydrology, construction machinery, civil design, cost estimates, inter-state/international aspects, etc. which fall within the jurisdiction of MOWR/CWC. In addition, GSI also needs to be consulted on geological/geo-technical aspects. These are essential for proper and correct assessment of cost and benefits from the project. The time taken for clearance of these schemes is, therefore, dependent on the time taken by other agencies as well.

4. CEA shall continue to endeavor to perform the task assigned to it to act as a facilitator for the power development of the country and due diligence has already gone into to devise procedures to expedite clearance of the projects within 90 days of receipt of DPR complete in all respects as brought out in revised guidelines and is being issued and the comments obtained would be suitably accounted for. However, the Committee's directions have been noted, and CEA will do it's best to adhere to these directions.

[Ministry of Power F. No. 20020/8/2002-Bud. Dated 12.11.02]

Recommendation (Sl. No. 35, Para No. 2.153)

The Committee note that the Government have increased Non-Plan budget from Rs. 100.10 lakh to Rs. 105.55 lakh during 2001-2002. Plan expenditure has been raised to Rs. 28.50 lakh from NIL during the year 2001-02. During 2002-2003, the plan expenditure has been increased to Rs. 17.57 crore. Although the Committee have been informed that the Survey and Investigation (S&I) of Hydro-Electric projects in the country have failed to come up with the desired results in spite of the assessment of hydro-electric potentials of the river basins and review of specific projects in the context of over all development of potential are done by CEA. It is only now that a scheme for the review of HE potentials and Detailed Ranking studies with an allocation of Rs. 16.9 crore has been proposed to be carried out by CEA during 2002-03. The Committee are constrained to note that detailed ranking studies for about a 400 Hydro-Electric potential with likely installed capacity of 1 lakh MW are yet to be carried out the Committee would therefore recommend the Government to complete the detailed ranking studies of remaining HE projects in association with organisations like, Central Water Commission, Geological Survey of India, Ministry of Environment & Forests, Survey of India, National Remote Sensing Agency, etc. in a time bound manner and the Committee be apprised of the action plan of the Government in this regard.

Reply of the Government

Ranking Study by the Central Electricity Authority has been completed with the cooperation of the States, the National Remote Sensing Agency, Central Water Commission and the Survey of India. 399 identified balance undeveloped hydro power sites in the country have been prioritised for development in the next few years. These schemes having total installed capacity of 1,06,910 MW are spread over six River Systems of the country. The ranking of hydro sites has been carried out based on weightage criteria for various aspects involved in the development of hydro schemes such as R&R aspects, inter-state/international issues, extent of works such as height of dam, length of water conductor system, accessibility to site, type and potential of the scheme etc. The remote sensing data obtained for assessing the land use formed an important input to the study in respect of Indus Basin only.

CEA has already been asked to complete this exercise after obtaining Satellite based evaluation from NRSA and considering population displacement/R&R aspects in respect of remaining five River Basins. Rs. 113 lakhs required for this work are being provided through first supplementary demands.

(The hydro electric potential in the country was assessed by CEA long back during 1978-87. Budget provision of Rs. 16.9 crores during 2002-03 is mainly to review the hydro electric potential of major/medium schemes by making use of updated hydrological topographical and water utilisation data to provide realistic estimate of the potential with the modern techniques/technology now available for the purpose. In view of the work involved, this scheme may take a long time to complete).

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.02]

Recommendation (Sl. No. 41, Para No. 2.172)

The Committee are pleased to note that the NTPC proposes to set up a Joint Venture with ONGC and Government of West Bengal for exploring the possibilities to set up Coal Bed Methane (CBM) based power projects. The Committee welcome this action on the part of the NTPC. The Committee are also pleased to note that the NTPC also proposes to set up a Joint Venture Company with the Railways with an aim to establish an operating power project to supply reliable power to Railways for meeting their traction and non-traction power requirements. The Committee hope and trust that these ventures of NTPC fructify and thereby improve the bottomlines.

Reply of the Government

NTPC is looking into the possibility of setting up Coal Bed Methane (CBM) based power plant in the state of West Bengal. ONGC had been identified as the exploration agency. NTPC had proposed a joint venture with ONGC and the Govt. of West Bengal to set up a power plant at Raniganj in West Bengal with CBM a fuel. A draft MOU had been prepared by NTPC and given to Govt. of West Bengal and ONGC. NTPC has received a communication from ONGC that it will take them about 4 to 5 years of exploratory work to assess the quantum of CBM available for a decision on the kind of project that can be set up and ONGC shall revert back after assessment of production potential for further decision in the matter.

NTPC has entered into a MOU with the Ministry of Railways on 18th Feb. 2002 with the intention to promote a joint venture company to set up and operation power plants of about 2000 MW capacity, to meet the electric traction and non-traction requirement of the Railways based on feasibility studies to be carried out by both organizations.

[Ministry of Power F.No. 20020/8/2002-Bud. dated 12.11.02]

Comments of the Committee.

Recommendation (Sl. No. 44, Para No. 2.203)

Regarding implementation of projects by NHPC, the Committee observed that Dulhasti 300 MW, Dhauliganga 280 MW, Teesta V 510 MW, Loktak D/S 90 MW and Chamera-II 300 MW are different projects implemented by NHPC and are targeted to be completed during 10th Plan. The Committee are constrained to note that although an amount of Rs. 3134.31 crore has been expended on Dulhasti (J&K) project till February, 2002 and the project is targeted to be completed by December, 2003, the work on the project is being held up reportedly due to geological surprises, poor law and order problem, transporters' strike, power failure, etc. Further, Loktak Downstream project has also been held up after incurring an expenditure of Rs. 16.77 crore upto February 2002 due to non-availability of security forces. The committee desire that all ongoing projects of NHPC should be reviewed by NHPC by talking into account all relevant factors to ensure that the present schedule is adhered to and would like to be apprised of the action taken in this regard.

Reply of the Government

It is a fact that Dulhasti Project was delayed due to adverse geological conditions in Head Race Tunnel (HRT) and poor performance of (Tunnel Boring Machine) TBM, adverse law and order situation, poor conditions of roads and initial discontent/agitation by the local people. The overall commissioning of project has been delayed due to delay in completion of Head Race Tunnel work and now the project is anticipated to be completed in December, 2003. All efforts are being made by NHPC to complete the balance tunnel works as per the revised schedule.

The progress at Loktak Downstream Project in Manipur could to be achieved as envisaged due to adverse law and order situation and non-availability of adequate security forces (to be provided by the State Government).

In its endeavour to complete the ongoing projects on schedule, various steps being taken are as under:

- Survey and investigation through the use of modern equipment and latest techniques like remote sensing and aerial photogrammetry GPS, Geographical information System, latest drilling equipment, tomography, resistivity imaging systems, seismic refraction etc.

- Use of modern construction equipment like drill jumbos, raise climbers, raise borers, tunnel boring machine, shot crete machine with robot arms and telescopic shutters etc.

- Development of efficient and effective blasting techniques through use of wide range of delay detonators and ventilation system.

- Vigorous monitoring of the different activities of the project at various level such as:

* Project review and coordination meetings at Corporate Office Level by NHPC.

* Quarterly performance review by Secretary (Power)

* Monitoring at highest level in the Ministry of Power in respect of X Plan for resolving matters related to Govt./ Inter Ministerial issues and expediting Statutory Clearances.

- Vigorous follow up with concerned agencies for getting statutory clearances/sanctions for new schemes.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 45, Para No. 2.204)

Regarding Joint-Venture projects by NHPC, the Committee are happy to note that NHPC has reportedly offered 12 new projects with a combined capacity of 23071 MW with an estimated cost of Rs. 1,15,350 crore for international and joint ventures collaboration. The projects identified include the 1,000 MW Siang Upper Project, 700 MW Siang Middle Project, 2,000 MW Siang Lower Project and the 6.500 MW Subansiri project in Arunachal Pradesh, 231 MW Chamera Stage-III project in Himachal Pradesh and the 280 MW Uri Stage-II, 1000 MW

Pakal Dul, 1020 MW Bursar and 120 MW Sewa Project-II in J&K. However, the Committee observe that the NHPC attempt to form Joint Venture did not fructify as only 10 firms had submitted proposals (both domestic and international) to have Joint Venture hydel projects. The Committee desire to know the reasons for this and recommend that NHPC should consider the possibility of forming Joint Ventures with the respective State Governments to tap the hydel potential in the State and implement project like Indira Sagar/Omkareshwar HEPs and Purulia Pumped Storage projects in Joint Venture with the Governments of Madhya Pradesh and West Bengal respectively, Taking note of the fact that hydro thermal mix in West Bengal in 3:97. The Committee take a strong note of the inordinate delay in implementation of Purulia Pumped Storage Project in West Bengal which was cleared by CEA in July, 1992. Since, the project is now one of joint venture of NHPC, the Committee recommend the Ministry of Power to take all necessary steps with the Govt. of West Bengal to commission the project in 2006-07 as targeted to meet pecking power demand in the State. The Committee desire that Ministry of Environments & Forest should acquire approval for 11.08 of hectare of forest land, so that the project is cleared.

Reply of the Government

Ministry of Power under Section 18A of Electricity (Supply) Act 1948 has entrusted the following projects to NHPC for execution on ownership basis: the 11,000 MW Siang Upper Project, 700 MW (capacity revised to 1000 MW), Siang Middle Project, 1,700 MW Siang Lower Project, 2000 MW Subansiri (Lower), 2000 MW (capacity revised to 1600 MW) Subansiri (Middle) and the 2500 MW (capacity revised to 2000 MW) Subansiri (Upper) projects in Arunachal Pradesh, 231 MW Chamera Stage-III projects in Himachal Pradesh and the 280 MW Uri Stage-II, 1000 MW Pakal Dul, 1020 MW Bursar and 120 MW Sewa Project-II in J&K. Funds for these projects will be arranged by NHPC. Equity will be provided by Govt. of India and loan will be raised through domestic market/foreign agencies.

In order to exploit the vast untapped hydro potential in the country, NHPC has also ventured to form the following Joint Ventures:

1. Joint Venture with Govt. of Madhya Pradesh

NHPC signed an MoU with Govt. of Madhya Pradesh on 16.5.2000 to affirm the joint commitment of the two parties to exploit the hydroelectric potential of the Narmada Basin by taking up and completing the Indira Sagar and Omkareshwar Projects as joint venture projects between NHPC and Govt. of Madhya Pradesh. The approval of the Government to form the joint venture and for the revised cost estimate of Indira Sagar Project has since been conveyed to NHPC on 28.03.2002. Omkareshwar Project is under process of Govt. approval.

2. Joint Venture with Govt. of West Bengal:

An MoU has been signed in the year 2001 between the Govt. of West Bengal and NHPC with the approval of Ministry of Power to take up the execution of the Purulia Pumped Storage project through a Joint Venture Company (JVC) to be formed with equity participation of NHPC & GoWB.

The proposed to incorporate a JVC and to sanction cost estimate of Purulia Pumped Storage Scheme (already under execution in the State Sector with financial assistance by JBIC) was considered in the Pre PIB meeting held on 7.2.2002, wherein the project has been recommended for the consideration of PIB subject to compliance of the following:

(a) TEC from CEA for updated costs of the project.

(b) Routing of the JBIC loan through Government of West Bengal who in turn would on-lend to the JVC; without any charges and

Signing of agreement for supply of power to JV indicating its price on long term basis and the cost estimates reflecting the agreed input price; based on the input price, WBSEB (or any other buyer) should be committed to buy power at the pre-determined price.

The GoWB has agreed to purchase entire power from the project to meet their peaking requirement at the price fixed by CERC/WBREC. In this connection, a draft tripartite agreement to be signed between NHPC, Govt. of West Bengal and WBSEB has also been submitted to Govt. of West Bengal for their concurrence.

NHPC has been asked to formulate a mechanism to ensure payments to JVC of energy bills in case of non payment by WBSEB. The payment mechanism as recommended by Dr. Montek Singh Ahluwalia Committee has been proposed to GoWB for acceptance. In this connection, a draft tripartite agreement to be signed between Ministry of Finance, State Govt. and RBI has been sent to Govt. of West Bengal on 18.7.02.

The case for diversion of 11.08 ha. of additional forest land required for rock quarry was discussed in Forest Wing of MoEF on 25.6.02, wherein members of Advisory Committee have recommended diversion of 9.07 ha. of forest land. Accordingly, MoEF has issued forest clearance for diversion of 9.07 ha. of forest land *vide* its letter dated 12.8.02.

3. Joint Venture with Govt. of Uttaranchal

NHPC had tried to form a joint venture with the Govt. of Uttar Pradesh (now Uttaranchal) to execute the Lakhwar Vyasi Project as a joint venture project between NHPC and Govt. of UP. The proposal however, could not materialise.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 48, Para No. 2.214)

The Committee observe that plan outlay of NEEPCO was reduced at Revised Estimate stage of Rs. 106.28 crore from the budgeted outlay of Rs. 211.72 crores during 2001-02. Both the IEBR component and net budgetary support were reduced to Rs. 86.72 crore to Rs. 50.00 crore and Rs. 125.00 crore to Rs. 56.28 crore at revised estimate stage. The Committee are constrained to note that the IEBR component for Turial Hydro-electric Project which was to be funded by JBIC was reduced to Rs. 50.00 crore pending award of contracts for different package. The Committee find that the schemes like Tuivai, Tipaimukh and Kopili also could note take off for want of financial closure/signing of MoU with the concerned States and reduction of net budgetary support to NEEPCO to Rs. 56.28 crore. The budgetary provision of Rs. 20.00 crore earmarked for Tipaimukh Hydro-electric project during 2001-02 could not be utilised due to security problems faced by the Government of Manipur. Taking note of the consistently dismal tampering of the targets of planned outlays, the Committee are not convinced that the proposed increase of outlay of Rs. 375.76 crore for the year 2002-03 by NEEPCO could actually be materialized. The Committee, therefore, desire that the Government should take all necessary steps to utilise the plan outlays for the year 2002-03 and expect that work at Turial, Kameng HE Project and other new projects being implemented by NEEPCO should be completed as targeted during 2002-03. The Committee have noted that NEEPCO is allocating plan outlays for various hydel projects at Budget Estimates stage. However, the expenditure on such hydel projects is not being incurred at all. The Committee do not approve such policy, on the part of any power PSU. The Committee, therefore, recommend that budgetary allocation should be made, only for these projects, on which some pre-construction work is to be undertaken or where a project has been accorded clearance.

Reply of the Government

During the year 2001-2002, the outlay of Rs. 211.72 crores (IEBR-Rs. 86.72 crores & NBS Rs. 125.00 crores) was reduced to Rs. 106.28 crores (IEBR Rs. 50.00 crores & NBS Rs. 56.28 crores) at the RE stage. The IEBR component had been kept for Turial H.E. Project in anticipation that the works of the major packages would be awarded during the year 2001-02. However only package-I (Diversion tunnel) could be awarded in September, 2001 and the remaining packages could not be awarded for want of certain clarifications for which it was decided by the Board of NEEPCO that legal opinion be obtained. The legal opinion has since been obtained and accordingly keeping in view of the award of work for the remaining packages and the work plan, a provision of Rs. 58.72 crores has been during the year 2002-2003. The work of package-II (Dam & Spillway) has since been awarded in August, 2002 and package-V (Electro-mechanical works and 132 kv switchyard) is also under award. The remaining two packages *i.e.* package-III (Power House Civil Works, Tailrace, Power Tunnel etc.) and package-IV (Hydro mechanical works and gates) are also likely to be awarded by October, 2002.

Similarly keeping in view the likely investment approval for the Tripura Gas based combined Cycle power Project (500 MW) within the current financial year, a provision of Rs. 121.56 crores has been kept as IEBR for the year 2002-03.

Out of the provision of Rs. 200.48 crores as NBS during the year 2002-03, an amount of Rs. 50.28 crores has been kept for the ongoing Kopili H.E. Project Stage-II (25 MW) and Kameng H.E. Project (600 MW). The remaining NBS against the proposed new schemes has been kept in anticipation of the clearances for Stage-I/Stage-II activities involving survey, investigation and pre-construction works. The Feasibility Report in respect of Ranganadi H.E. Project Stage-II (130 MW) has already been submitted to CEA for their approval. Ist Stage Site Clearance from the Ministry of Environment & Forests has been obtained for the project.

While all endeavours are being made to utilize the funds earmarked, utilization of the entire outlay of Rs. 375.36 crore may not be possible. This is proposed to be reduced suitably at RE Stage in 2002-03 after reassessing the requirements.

The recommendation of the Committee that budgetary allocation should be made only for those projects on which some pre-construction work is to be undertaken or where a project has been accorded clearance is acceptable to the Govt. in principle and will be kept in view for a more realistic assessment of Budget allocations for the next financial year *i.e.* 2003-2004.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 49, Para No. 2.215)

The Committee find that CEA is yet to accord clearance to Tripura Gas Based Power Project (500 MW). The Committee desire that CEA should expeditiously clear the project after ascertaining its Techno-economic viability. The Committee also desire that other clearances such as PIB/FIPB etc. should also be accorded to it expeditiously.

Reply of the Government

The Techno-economic clearance to the project has been accorded by CEA in February, 2002. The Pre-PIB meeting has been held on 6.9.2002. The issues pertaining to the long term gas pricing for the project have been discussed in a meeting with the officials of Ministry of Petroleum & Natural Gas, GAIL, ONGC, Govt. of Tripura & NEEPCO. Subject to the long-term availability of gas for the project within a predictable price range being confirmed by the proposed gas suppliers/transporters and reassessment of the viability of the project from the point of view of the projected demand-supply gap in peak load, the project proposal will be processed further for investment approval. Efforts are also being made for financial closure of the project.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 51, Para No. 2.227)

The budgeted outlay of DVC for 2001-02 has been decreased from Rs. 284.00 crore to Rs. 279.42 crore at Revised Estimate stage. The plan outlay of DVC for the year 2002-03 has been targeted at

Rs. 840.06 crore. The Committee would like to know the steps taken by DVC to ensure that the enhanced budget would be fully utilized during 2002-03. Regarding utilization of plan outlay by different projects of DVC, the Committee have observed the during 2000-01 for transmission and distribution schemes against a budgeted target of Rs. 87.00 crore, the actual expenditure was Rs. 32.02 crore. The under-utilisation of funds was reported to be due to ROW problem faced in transmission lines, excessive rain, non-booking of committed expenditure, non-receipt of forest clearance, etc. For Maithon Thermal Right Power Project of DVC, during 2000-01, against a plan outlay of Rs. 50 crore, only Rs. 0.06 crore has been utilized due to the reported slow progress in finalization of handing over of the land by the Government of Bihar. Again for R&M schemes against BE Rs. 125 crore during 2000-01, actuals during the year were Rs. 5.16 crore only. The Committee have further observed that some other projects like pollution control, rehabilitation of Durgapur Thermal Power Station Unit-I & II, Mejia TPS Extension Unit-IV, Maithon RE RPS, R&M schemes for the year 2001-02 and TSC schemes for 2001-02, the fund utilization was almost negligible as compared to Budget Estimates. The Committee take a strong note of the under utilisation of funds of DVC and are of the view the unrealistic plan outlays are being proposed by DVC management for different projects/schemes. The Committee, therefore recommend that the DVC/Government should review the existing system of budget formulation by DVC and take all necessary steps to improve the formulation of plan outlay at budget stage so that realistic targets could be fixed and achieved. The Committee would like to know the steps taken by the Government to ensure timely commissioning of new power plan at Durgapur, Left Bank and Right Bank Maithon projects.

Reply of the Government

On utilization of plan outlay:—

There has been cases of under-utilisation of fund in some of the projects/schemes of DVC during 2000-01 and 2001-02. The main reasons are:—

(i) failure on the part of contractors in timely execution,

(ii) ROW problems,

(iii) delayed receipt of forest clearances, as applicable, and

(iv) law and order situations.

The concern of the Committee and their views for reviewing the existing system of budget formulation by DVC so as to improve the budget formulation of plan outlay at budget stage has been noted. Efforts are being made to present a more realistic budget proposal for RE 2002-03 and BE 2003-04.

On timely commissioning of new plants of DVC:

The Corporation has sincerely been evaluating the option for going into single point of EPC contracts for implementation of all of its future project *vis-a-vis* entering into multiple contracts. For Mejia TPS Extn. Unit No. 4, M/s. BHEL has been engaged as the EPC Contractor. DVC has entered into JV with BSES and has formed the Maithon Power Ltd. (MPL) to implement the Maithon Right Bank Project. The Project has not progressed on account of non-acquisition of land for the Project. MPL has also agreed 'in principle' to take up Maithon Left Bank Project. The proposed plant at Durgapur would be one of the green field projects, DVC would prefer to form JV, if suitable partners are available, otherwise DVC will undertake these projects on its own.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 52, Para No. 2.228)

The Committee observe that against targeted thermal and gas-turbine generation of 7550 MU and hydel generation of 283 MU, Damodar Valley Corporation (DVC) achieved thermal and gas-turbine generation of 7907 MU and hydel generation of 281 MU during 2000-01. The projections for the year 2001-02 are 8845 MU for thermal and gas-turbine power generation and 350 MU of hydel power. The annual plan for 2002-03 envisaged that there will be a generation of 9315 MU of which 8965 MU will be from thermal and gas and 350 MU from hydel. However, the Committee observe that the Plant Load Factor (PLF) of different projects of DVC vary from 27.28% to 47.12% which is much below than average PLF of thermal power stations in the country. The Committee, therefore, recommend that the Government should take necessary steps to increase the PLF of these power stations and also attend to the problem of wheeling out excess power from certain units of DVC plants by strengthening the transmission system. The Committee would like the DVC to draw up a perspective plan for R&M activities alongwith innertment plan in its various plans to be taken up during the 10th Plan. The Committee may be informed of the action taken in the matter.

Reply of the Government

On low PLF different projects of DVC:

The reasons for low overall Plant Load Factor (PLF) of DVC Thermal Units are:

- Out of total 18 Thermal Units, 8 Units are 34 to 49 years old and the age of another 3 Units are 23 to 28 years.
- Severe law and order situation in Jharkhand and (erstwhile Bihar) region during about last 15 years resulted into frequent plant gate jamming, harassing of employees and DVC contractors causing delay in maintenance and construction works.
- Non-availability of coal as per specification.

Action initiated for improvement of PLF are:

- Comprehensive RLA study based R&M and LE approach in respect of 10 old Thermal Units.
- Creation of Maintenance Planning Cells at each Thermal Station for better maintenance management.
- Adoption of Predictive and Preventive maintenance.
- Efficient management of stores and identification of insurance stores;
- Comprehensive overhauling of 210 MW units and adoption of rolling maintenance plan.
- Continuous persuasion with CIL for improvement of coal quality.

On strengthening of transmission system:

Though no difficulty has been experienced in wheeling out excess power from any unit of DVC plants, at present, action for strengthening as well as extension of transmission network has been taken in a comprehensive manner with a view to improve reliability as well as evacuation of generated power from the new plants proposed during 10th plan to areas within DVC command but not covered so far and to other deficit regions of the country.

On R&M activities in various plants:

R&M activities based on RLA studies for 10 old Thermal units of 23 to 49 years old has been contemplated during the 10th plan period.

Details of action taken on R&M activities:

CTPS Units 1 to 6 (3x130 MW + 3x120 MW)

* RLA study of Units 4, 5 & 6 completed in mid August, 2002 and that of Units, 1, 2 & 3 are expected to be completed by end of August, 2002.

* M/s. NTPC have been engaged as consultant for preparation of DPR, Technical Specification etc. for R&M & LE work based on the RLA report. The targeted completion of DPR is December, 2003.

BTPS 'A' Units, 1, 2 & 3 (3x45 MW)

* RLA study completed in mid August, 2002.

* M/s. NTPC have been approached for taking up the consultancy services for R&M/LE work. NTPC have agreed to analyze the present conditions of the equipment so that decision can be arrived at either to retire the units or to carry out R&M work. In this connection, NTPC have already visited the plant recently in August, 2002.

DTPS Unit 3 (1x140 MW)

* RLA study completed by April, 2002.

* NTPC will render similar services for R&M/LE work. The targeted completion of DPR is February. 2003.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

CHAPTER III

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

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

The Committee are pained to note that even performance of externally aided Power Project (assistance available directly or routed through budget, loans as well as grants), is far from satisfactory. During the year 2001-02, as against allocation of Rs. 3707.84 crore, an amount of only Rs. 2695.48 crore was utilised—a net under-utilization of a hefty sum of Rs. 1012.36 crore. The Central Sector, registered a shortfall of Rs. 315.29 crore and the remaining Rs. 690.07 crore under State Sector. The shortfall in Central Sector was due to want of investment clearance for POWERGRID Telecom Project, contact not being entered into for Western Region Load Despatch Centre Project, non-clearance of investment approval for Ramagundam-III transmission system and some gas based power projects. Unforeseen geological surprises in Dhauliganga hydro-electric project, delay in contract for Turial H.E. Project were some of the factors which resulted in the under-utilization of externally aided power projects. The State Sector, witnessed the under-utilization of earmarked allocation due to certain problems noticed in the World Bank/ADB aided power sector reforms, in the States of Gujarat, UP, Orissa and Rajasthan. It appears to the Committee, that externally aided projects were formulated casually and without taking into consideration the ground realities, thereby resulting in slippage of such projects. Such on-going slippage does not augur well for an important infrastructure like Power. The Committee feel that a duty is cast on the government's nominees on Board of Directors of various Power Sector PSUs and other Bodies to point out deficiencies in the, project planning, formulation and implementation. They have failed to discharge this onerous duty. Even, various bodies and agencies, constituted to monitor and review the ongoing projects, lacked direction and vision, resulting in gross under-utilization of external aid. The reply of the Government that all efforts are being made to reduce the shortfall in some projects by over-utilising the budget in some other projects such as Simhàdri Thermal Power Project by NTPC—from

Rs. 44.10 crore (BE) to Rs. 491.00 crore (RE). Also Power System Improvement Programme (JBIC) being executed by REC was enhanced from Rs. 37.00 crore to Rs. 67.00 crore and in case of Naphtha Jhakri HEP (WB) being executed by NJPC, the budget was increased from Rs. 83.00 crore to Rs. 94.00 crore at the RE stage, etc., only indicate the casual approach being adopted by the Government in planning for investment proposals in power projects. The Committee feel that a time has come to have a fresh look at the way externally aided projects are planning, programmed and implemented, so that the efficiencies in appraisal and approval system are identified and corrective steps taken thereon.

The Committee desire that Government should constitute an Expert Committee to go into the details and suggest remedial measures. The Committee, would like to be apprised of the action taken by the Government in the matter.

Reply of the Government

Utilisation of external assistance in power sector from 1998-99 to 2001-02 was as under:—

(Rs. in crores)

Year	Budget Estimate	Revised Estimate	Actual Utilisation	% of Budget Estimate	% of Revised Estimate
1998-99	4397.06	4004.00	4012.09	91.2	100.20%
1999-2000	3673.51	3138.58	3242.94	88.2	103.32%
2000-2001	3505.00	3530.35	3550.26	101.2	100.56%
2001-2002	4067.57	3707.84	3987.76	98.0	107.55%

2. As can be seen from the above table, the utilisation was more than 100% of what had been provided at the Revised Estimate stage. Even while comparing with the Budget Estimates, figures of actual utilisation have been quite satisfactory, especially in the last two years in 2000-01 and 2001-02.

3. The Project Monitoring Cell in the Ministry of Power did close monitoring of critical ongoing externally aided power projects on a continuous basis from the beginning of the financial year. During

2001-02, three Quarterly review meetings were arranged to discuss various impediments and corresponding remedial actions with the Project Executing Authorities. This resulted in timely resolution of many issues.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 7, Para No. 2.49)

The Committee have observed that Plan outlay for Power Transmission projected at Rs. 44.95 crore during 2001-02 has been revised to Rs. 331.95 crore. Again, during 2002-03, the Plan outlays have been budgeted at Rs. 48.84 crore. The Government have informed that POWERGRID had executed Chandrapur HVDC Back to Back project with bilateral assistance from UK to the tune of 63 million Pounds as a grant through Government of India (GoI). The UK grant was fully drawn during March, 1994 and November, 1996. The equipments required for the project were procured from M/s. GEC Alstom-T&D power UK and the payments towards the supplies were directly made to the company by Government of UK by debiting the GoI grant account Pounds 63 millions. To make the adjustment, a plan budget provision of Rs. 32640 lakh has been made by Ministry of Power in demand No. 64 in RE 2001-02 under MH 2801—Power as revenue expenditure towards grants to POWERGRID and paid to CAA&A for account under MH-8443. The Committee are not convinced of the reasons for increasing the Budget Estimates by making adjustments at Revised Estimates stage and desire to know why such provision was not made to Budget Estimates stage itself when the fact was known to the Ministry of Power earlier also.

Reply of the Government

The UK grant of 63 million Pounds was directly paid by Govt. of U.K. to suppliers i.e. GEC Alstom-T&D Power by debiting GoI grant account. Under the prevalent procedure, when any direct payment is made by the donor to suppliers by debiting loan/grant, the beneficiaries are required to deposit the rupee equivalent in GoI Account. The U.K. grant had already been accounted for in relevant years in Govt. books and kept under suspense (MH 8658) to be adjusted in (MH 8443).

POWERGRID was asked by CAA&A to deposit the amount of Rs. 326.40 crore to adjust the suspense account. The matter was taken up by Ministry of Power with Ministry of Finance and it was decided to make the provision of Rs. 326.40 crore in RE 2001-02 and to pay the same to CAA&A for account under MH-8443. The decision to make the adjustment of the above transaction was taken only in the month of June, 2001. As the exercise of preparing BE 2001-02 was already over by then, the provision of Rs. 326.40 crore was made at RE 2001-02 stage only.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (SL No. 9, Para No. 2.51)

Regarding implementation of Unified Load Despatch and Communications scheme in the North-Eastern Region (NER) being implemented by ADB funding, the Committee are constrained to note the delay in implementation of generation projects for various reasons in the NER. There is a need to go for double circuit transmission lines so as to fully utilize the limited right of way though that may result in relatively higher transmission tariff due to under-utilisation of transmission capacity. CERC has, however, allowed POWERGRID to charge a tariff of only 35 paise per unit which according to POWERGRID is much less than the tariff on commercial basis. POWERGRID has, therefore, been asking to be compensated by the Government by way of grant. The Committee are further perturbed to note that although POWERGRID was ready for award of work in May, 1999 on the basis of ADB funding, the award of 1st package namely 'EMS/SCADA package' could be placed only in May, 2000 after receipt of assurance from the Government of India on availability of grant and this resulted in delay in implementation of the project. The Committee desire that POWERGRID should at least now ensure timely completion of the project as the Planning Commission have already agreed to extend the grant of Rs. 150 crore for ULDC-NER Project under North-Eastern Region.

Reply of the Government

After getting assurance of grant for NER ULDC project, the EMS/SCADA Package award was placed by POWERGRID in May, 2000 and the Corporation is making all out effort to complete the project within the scheduled time *i.e.* May, 2003.

The scope of work under NER ULDC project, includes supply, installation & commissioning of 65 nos. of RTUs, 964 kms. of fibre optic cable, 12 nos. of microwave links spread all over the North Eastern Region, including the disturbed areas of Assam, Meghalaya, Tripura, Manipur & Nagaland. During stringing of fibre optic cables and foundation work of microwave towers, the contractors' personnel have received continuous threats/physical harassment from militants, operating in these areas, which is hampering the progress of work. Though, Ministry of Power and POWERGRID have been taking up the matter with the concerned authorities for suitable action/assistance and security to tackle the above problems and for timely implementation of the project, delay in implementation of the project can be not ruled out in view of prevailing law & order situation in NER.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 12, Para No. 2.59)

The Committee have observed that Power Grid had forayed into Telecom Business as its transmission line provide an opportunity to establish Telecom Network. As much as Rs. 934.23 crore is the fund required for the Telecom Business. This fund is to be mobilized through World Bank loan amounting to Rs. 747.38 crore and another Rs. 186.85 crore raised through internal resources. Power Grid had already invested Rs. 9.05 crore during the year 2000-2001 and Rs. 65 crore during 2001-2002. The Committee find that the Annual Plan for Power Grid for the year 2001-2002 for Telecom sector was Rs. 479 crore at BE stage. This was revised to first Rs. 95 crore, a reduction of Rs. 384 crore, as the investment approval for Telecom could not materialize. The Committee find that the achievement of Power Grid in Telecom Sector is not satisfactory taking into consideration, the excellent financial track record of POWERGRID. Against, Rs. 5000 crore authorized share capital with Rs. 3564.58 crore reserves and surplus and Rs. 6247.09 net worth, the Committee recommend that POWERGRID should not lose sight of the mandate given to it for transmission of power and development of a national grid at the earliest. The Committee hope that the revenue generated through telecom sector would be ploughed back to transmission sector as has been assured to this Committee.

Reply of the Government

POWERGRID is making concerted effort to diversify into telecom business at the earliest to tap the market potential of this sector. In this endeavor, the Feasibility Report for establishment of broadband telecom network in the country on its transmission infrastructure was submitted by POWERGRID which was cleared by the PIB in March 2001. However, the PIB also suggested that Department of Telecommunication (DoT) may review the cost of POWERGRID's telecom project. The estimated cost of the project was later concurred by DoT on May 9, 2001. As Telecom is a new subject for POWERGRID, the project has to be examined considering all the relevant aspects. It is for this reason that the investment approval for the Project is getting delayed resulting in non/under-utilisation of funds during 2001-02.

With respect to the implementation of the telecom project, POWERGRID has prioritised the establishment of various links and plans to connect initially all major metros and the commercially attractive cities/towns en-route these links. Therefore, Delhi-Mumbai link has already been taken up on priority as it promises market potential on this high traffic route. It is also envisaged that this link would further enhance the revenue stream as various other major cities can be linked progressively after investment approval of the Backbone Telecom Project. Accordingly, POWERGRID's Board approved the proposal in October 2000 to establish Delhi-Mumbai link envisaging its commercial operation by September 2002. POWERGRID has now advanced the commissioning of this link and all efforts are being made to put the link to commercial use by July/August 2002.

Towards the execution of remaining links, bids of various packages *viz.* Overhead & Underground fiber optic cable, Telecom equipment, Auxiliary supply etc. have been opened, evaluated and are ready for awards by POWERGRID. However, the awards will be placed only after the investment approval by the Government.

POWERGRID has already obtained Infrastructure Provider-II license in January 2001 and garnered business worth about Rs. 7.66 crore till date on its various telecom links under commercial operation. During the FY 2001-02, POWERGRID collected a revenue of Rs. 2.5 crore against a target of Rs. 2 crore which exceeded the financial projections and has so far collected Rs. 2 crores during FY 2002-03.

POWERGRID is conscious of its responsibilities and has diversified into telecom in a limited manner in such a way that it will not affect its crore transmission business and rather, shall complement it. The telecom project has been funded by the World Bank and POWERGRID has allocated its internal resources to telecom project without affecting the implementation of ongoing and planned transmission schemes. POWERGRID has assured that it will not lose sight of the mandate given to it for transmission of power and development of a National Grid at the earliest. The very purpose of diversifying into telecom business is to generate additional revenue through telecom sector, which will be ploughed back for development of transmission sector.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 13, Para No. 2.67)

The Committee observe that a budgetary provision of Rs. 50 crore has been made for establishment of BEE during 2002-03. Also, for implementation of energy conservation activities such as introduction of energy management system, standards and labeling, market development mechanism including project development capacity building in energy managers, energy auditors to act as service providers, energy efficient technology demonstration and replication, designated consumer etc., a budgetary provision of Rs. 220 million has been made during 2002-03. The Committee would like the Government to apprise the Committee of the various resources from which the funds of Rs. 220 million will be raised by the Government for energy conservation activities and steps taken to ensure that targets set could be achieved. The Committee would also like to know the targets of resultant energy to be conserved/saved during 2002-03.

Reply of the Government

1. The Government would be providing a grant of Rs. 220 million under Demands for Grants of Ministry of Power for 2002-2003. [Major head-15 (15.00.31)] to Bureau of Energy Efficiency. This will be a part of Rs. 500 million, which will be released to BEE as one time corpus.

2. The Action Plan of Bureau of Energy Efficiency (BEE) covering the activities has been approved by the Government and the Bureau would be implementing the same as per the scheduled plan. This would ensure timely completion of the set targets.

3. The following energy saving potential has been estimated in the next 5 (five) years [by 2006-07] through the implementation of the programmes by BEE as per details given below:—

(I) 3320 MW avoided capacity

(a)	Standard and labeling	1960 MW
(b)	Designated Consumer	1200 MW
(c)	DSM	160 MW

(II) 9 million tonnes of oil equivalent per year in thermal areas

(III) The anticipated monetary benefits are assessed to be Rs. 19,5000 crores

On Pro-rata basis the potential for the year 2002-03 works out to

(I) 664 MW avoided capacity

(II) 1.8 million tonnes of oil equivalent per year in thermal areas

(III) The anticipated monetary benefits are assessed to be Rs. 3,900 crores.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 16, Para No. 2.70)

Although, the Committee welcome the establishment of the Bureau of Energy Efficiency (BEE), a statutory body under Energy Conservation Act, 2001 which received President of India's assent on 29th September, 2001 and was also published in the Gazette of India on 1.10.2001, they fail to understand why the Government have not taken appropriate steps for public awareness about the Act. While examining the Demands for Grants (2001-02) of the Ministry of Power, the Committee had observed that pending constitution of the Bureau of Energy Efficiency, the Government should take the awareness campaign at full pace for educating people in the industrial and agriculture sectors. The total budgetary outlays for 2000-01 were drastically reduced from Rs. 15 crore at Budget Estimate stage to actual utilization of Rs. 1.68 crore and for the year 2001-02 also, these were revised to

Rs. 2.30 crore from the budgeted amount of Rs. 9.88 crore pending establishment of BEE. The Committee are distressed to note the casual approach of the Government in spite of Committee's earlier recommendation. The Committee would like to know the reasons why awareness campaign for energy conservation was shelved during the period, although existence of Energy Management Centre during the years 2000-01 and 2001-02.

Reply of the Government

The awareness campaign on energy conservation was not shelved during the period. It was made a part of multi-media mass awareness programme for power sector reforms—Mission 2012: Power for All—launched by the Union Power Minister in association with CEA and PSUs under the administrative control of the Ministry of Power. The Union Minister of Power, under this programme, sent personal letter to opinion makers and interacted with Editors, Eminent Journalists of the print and electronic media, trade union leaders. In addition, 2085 Road Shows were conducted all over India in different districts, State Capitals with the active involvement of State Governments and power utilities.

2. The message of power sector reforms, Energy Conservation Act, 2001 and the need for consumer participation in achieving end-use efficiency and demand side management was imparted in multi-media mass awareness campaign and Road Shows. 43% of the Road Shows were for the school children, 27% for opinion makers and 30% for general public.

3. In view of the above it was considered that a separate awareness campaign for energy conservation with the allocated fund under the Demands for Grants need not be undertaken. Rather, it should be in-built into the programme concept for example to educate consumers, about the life cycle costing while procuring appliances the standards and labeling programme is planned. A label would provide the consumers a comparative information on energy conservation of the various products available and based on these information the consumers can make an informed choice. A multimedia awareness campaign focused on educating the consumers about the life cycle costing is built into the standards & labeling programme. Similarly target oriented programmes wherein awareness creation would be a part of the programme was proposed to be undertaken by the BEE after it was established. This concept has been reflected in the action

plan prepared by BEE. Similarly for the agricultural Sector, since farmers do not have incentives to reduce power consumption, an integrated market oriented approach wherein distribution loss reduction and agricultural pump set efficiency improvement programmes are proposed to be implemented through energy service companies and would also integrate distribution reforms.

4. In view of above position, the funds available under the Demands for Grants for the awareness campaign for energy conservation were surrendered.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 23, Para No. 2.120)

2.120 The Committee are constrained to note that although funds for rural electrification are being made available to SEBs/implementing agencies through schemes under various Ministries like Finance, Non-Conventional Energy Sources, Tribal Affairs & Rural Development, etc. the targets set for rural electrification have never been achieved during the last 3 years. The Committee take a strong note of the fact that despite their repeated recommendations for disbursement of funds for rural electrification schemes, the funds released during 1999-2000 and 2000-01 for intensive electrification were amounted to only Rs. 601.38 crore and Rs. 438.10 crore against the sanctioned funds of Rs. 837.72 crore and 659.18 crore respectively. Similarly, the fund disbursements for pump set energisation and system improvement were also much below the sanctioned funds during 1999-2000 and 2000-2001. The Committee also observe that under Kutir Jyoti Programme, the targets set for different States are far below the achievement upto September, 2001 except for the State of Tamil Nadu. The Ministry of Power have informed the Committee that rural electrification programmes are executed by State Electricity Boards, power utilities and power department of the State Government. In the absence of any explanations the Committee failed to understand why the sanctioned funds could not be disbursed during a particular year. The Committee would like to know the status of implementation of all RE schemes, including Kutir Jyoti Programme, during 2001-02. The Committee would, therefore, like the Government/REC to take necessary steps so that the schemes planned in any particular year for which funds have been earmarked should be implemented and funds disbursed thereon. The Committee would like to know the action taken by the Government in this regard.

Reply of the Government

The observations made by the Standing Committee on Energy have been noted, it may, however, be mentioned that the targets/size of the rural electrification programme is decided by the State Electricity Boards/State Governments themselves in accordance with their own priorities and policies for implementation. Rural Electrification Corporation, a financial institution supplements the resources of the SEBs/State Power Utilities State Power Departments by way of loan assistance for their investments in rural electrification works. Keeping in view the size of support by way of loan assistance required by them from REC, new schemes for sanction of loan assistance as submitted by them are sanctioned by REC, which are phased for completion generally over a period of 2 to 3 years. Loan assistance against the sanctioned schemes is then disbursed by the Corporation based on the actual execution of the works and progress reported by them. The disbursement of sanctioned funds depends upon the expeditious implementation of the scheme. The status of sanction and disbursement under REC sanctioned schemes during the year 2001-02 is given below:

(Rs. in lakhs)

Programme	Sanction	Disbursement
Intensive Electrification	42728	30828
Pumpsets Energisation	36168	18586
System Improvement	298889	143939
Others	298603	273260
Total	676388	466613

It would, therefore, be observed from the above table that the disbursement of funds *vis-a-vis* sanctions are low due to the less utilization of funds by SEBs/State Power Utilities/State Power Departments.

In addition to funds disbursed by REC as mentioned above, the Ministry of Finance had made the following disbursements to the

State Governments for Rural Electrification Programme during 2001-02:—

(Rs. in crores)

S. No.	Scheme	Amount allocated	Amount disbursed
1.	PMGY	421.51	412.33
2.	MNP	175.00	175.00

Kutir Jyoti Programme

REC during 2001-02 disbursed an amount of Rs. 5580 lakh as grant on behalf of Govt. under the Kutir Jyoti Programme.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 25, Para No. 2.122)

The Committee further observe that the Group of Ministers have revised the cost of electrification for rural household. BPL under Kutir Jyoti Programme from Rs. 1000 to Rs. 1800 in special category States and Rs. 1500 crore in other States. Although, the Government have expected more effective utilization of funds by this upward revision, the Committee are not convinced that this upward revision will really improve upon electrification programmes under Kutir Jyoti Programme. The Committee have observed that funds under PMGY are released to the State Governments nearly at the end of the financial year resulting in non-utilization/under utilization of funds. The Committee, therefore, desire that the 10% funds available for rural electrification under PMGY should be made available by Ministry of Finance to Ministry of Power at the earliest for Rural electrification so that it could be allocate to State Govts. The Committee also desire that access to electricity is also increased in the villages. The Committee would also like to know the utilization in the villages. The Committee would also to know the utilization and achievements of 10% of funds available for rural electrification under PMGY since its inception. The Committee note that a new interest subsidy scheme called AREP has been launched with an outlay of Rs. 163.87 crore during 2002-03 to achieve 100% village electrification by 2007 and electrification of households by 2012. However, in view of the SEBs/State Government reluctance to utilize funds earmarked for RE programme in view of their being unremunerative, the Committee would like to know the steps taken by the Government to ensure completion of village and household electrification by 2007 and 2012 as planned. The Committee would also like to know the target of Rs. 750 crore earmarked from RIDF for rural electrification.

Reply of the Government

In view of the fact that the cost of single point light connection under Kutir Jyoti Programme has been increased only from 18.3.02 effective utilisation of funds resulting in consequential acceleration of the programme would be known after sometime.

Revised guidelines issued by the Planning Commission for PMGY provides that, from 2002-03 onwards release to the States under the scheme is to be made in totality, allowing flexibility to the States to allocate funds sector-wise based on their priorities. In order to ensure that the minimum investment is made in the Sector of PMGY, the States must provide a minimum mandatory allocation which would be earmarked in their annual plan. The interse allocation of ACA among the six components of PMGY including rural electrification alongwith minimum mandatory provision of the State would be intimated by the State Governments to the Planning Commission. The Planning Commission would be monitoring the utilization of the funds. The Ministry of Finance been informed that as against the allocation of Rs. 2747.00 crore to the States under PMGY for the year 2002-03, a sum of Rs. 1356.51 crore was released to the States as the first instalment.

Rural electrification was included for the first time in PMGY during 2001-02. A sum of Rs. 412 crore was released to the States. However, information regarding utilization and achievement of funds is still awaited from the implementing agencies. However, for the current year *i.e.* 2002-03, the PMGY is being implemented and monitored by the Planning Commission.

The new interest subsidy scheme called Accelerated Rural Electrification Programme (AREP) has not been finalized so far.

Various steps have been taken by the Ministry of Power to complete village electrification by 2007 and household by 2012. These measures are as under:

(a) Under the Pradhan Mantri Gramodaya Yojana (PMGY) funds have been provided for rural electrification as a basic minimum service. Accordingly for the first time under the PMGY a sum of Rs. 412 crores was released in 2001-02 to States. A provision of Rs. 2747 crores has been made under PMGY which includes rural electrification with the flexibility given to the States to fix interse allocation.

(b) Under Minimum Needs Programme (MNP) the provision has been enhanced from Rs. 175 crores (2001-02) to Rs. 600 crores (2002-03).

(c) An interest subsidy scheme called—'Accelerated Rural Electrification Programme' has been announced for which an outlay of Rs. 164 crores has been provided in the current year.

(d) The Rural Electrification Corporation, which has been given the responsibility of financing rural electrification programmes on a continuous basis has been permitted to access the capital market to raise resources through Initial Public Offering (IPO).

(e) Besides, REC has been permitted to issue Capital Gains Tax exemption Bonds under Section 54(EC) of the Income Tax Act, 1961. During the last year REC has raised Rs. 1397 crores and during 2002-03 (upto 31.07.2002) Rs. 1350 crores approx.

(f) Rural Infrastructural Development Fund (RIDF) has been suitably modified to allow States to access these funds for rural electrification programme.

(g) A meeting was held with Power Ministers of 12 States wherein backlog of village electrification exists, in order to impress upon them the need to accelerate rural electrification in a time-bound manner. Accordingly, as per the resolution of the meeting the States were requested to draw an Action Plan to complete rural electrification within 5 years.

(h) The States have also been requested to conduct a detailed census of all the villages, hamlets and dalit/tribal bastis to ensure that each and every settlement is covered under rural electrification.

(i) For rural electrification to be implemented in the right spirit and to ensure that the benefits actually reach the people, the definition of village electrification is under review.

(j) States & Institutions involved in rural electrification have also been asked to identify alternate means to raise resources to meet the targets of rural electrification by accessing programmes like Member of Parliament—Local Area Development Programme (MPLAD) and Kutir Jyoti Programme and financing from REC.

As regards utilization of RIDF fund for rural electrification, the disbursement for power sector under RIDF is through NABARD. According to the Ministry of Finance, Department of Banking the details of RIDF loans sanctioned and disbursed for rural electrification including system improvement and hydel power as on 30th September, 2002 are indicated in Statement I & II (Annexed).

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 31 of Chapter I of the Report)

As on 30 September, 2002

DETAILS OF STATE-WISE, TRANCHE-WISE, YEAR-WISE RIDF DISBURSEMENTS FOR RURAL ELECTRIFICATION INCLUDING SYSTEM IMPROVEMENT AND HYDEL POWER

(Rs. Crore)

State	RIDF VI				RIDF VII				RIDF VIII			
	2000-01	2001-02	2002-03	Total	2000-01	2001-02	2002-03	Total	2000-01	2001-02	2002-03	Total
Arunachal Pradesh	—	6.02	—	6.02	—	12.21	—	12.21	—	—	—	0.00
Haryana	—	1.39	—	1.39	—	4.20	—	4.20	—	—	—	0.00
Karnataka	—	—	—	0.00	—	—	—	0.00	—	—	—	0.00
Tamil Nadu	—	—	—	0.00	—	6.88	—	6.88	—	—	—	0.00
Uttaranchal	—	—	—	0.00	—	—	—	0.00	—	—	—	0.00
West Bengal	20.07	10.04	—	30.11	—	12.68	—	12.68	—	—	29.55	29.55
Madhya Pradesh	—	—	—	0.00	—	11.31	—	11.31	—	—	—	0.00
Total	20.07	17.45	0.00	37.52	0.00	47.28	0.00	47.28	0.00	0.00	29.55	29.55

As on 30 September, 2002

DETAILS OF RIDF LOANS SANCTIONED, DISBURSED FOR RURAL ELECTRIFICATION INCLUDING SYSTEM IMPROVEMENT AND HYDEL POWER

(Rs. Crore)

State	RIDF VI		RIDF VII		RIDF VIII		Total	
	Sanction	Disb.	Sanction	Disb.	Sanction	Disb.	Sanction	Disb.
Arunachal Pradesh	12.98	6.02	32.80	12.21	—	—	45.78	18.23
Haryana	6.95	1.39	34.03	4.20	10.42	—	51.40	5.59
Karnataka	—	—	99.87	—	—	—	99.87	—
Tamil Nadu	—	—	34.42	6.88	30.00	—	64.42	6.88
Uttaranchal	—	—	53.96	—	—	—	53.96	—
West Bengal	100.37	30.11	63.41	12.68	147.77	29.55	311.55	72.34
Madhya Pradesh	—	—	37.71	11.31	—	—	37.71	11.31
Total	120.30	37.52	356.20	47.28	188.19	29.55	664.69	114.35

Recommendations (Sl. No. 30, Para No. 2.127)

The Committee note that in terms of Action Plan initiated for electrification of remote villages, it was proposed to fund 90% of the cost for electrification by way of grant by the Union Government and balance 10% as contribution by the beneficiary State Governments by way of loan to the users. This proposal was formulated taking into consideration the backwardness of remote areas and conditions of poverty prevailing in major States such as Uttar Pradesh, Bihar, Orissa and Assam. The Committee are at loss to understand the inordinate delay in obtaining the approval by the Ministry of Power from the Union Government. The Committee do not approve of the action of the Government in this regard. The Committee desire that the Ministry of Power should seek the approval of the Union Government without any further delay so that rural electrification programmes could be undertaking in the remote areas.

Reply of the Government

The proposal to electrify 18000 remote villages is being implemented by the Ministry of Non-Conventional Energy Sources. The Planning Commission have allocated separate funds for MNES for electrification of remote villages. MNES propose to electrify 5000 villages during 10th Plan. During 2002-03, it is proposed to electrify 500 villages.

Funds for electrification of villages other than remote areas are being released to the States under the Pradhan Mantri Gramodaya Yojana (PMGY) and Minimum Needs Programme (MNP). Under this programme 70% of the funds are by way of loan and the remaining 30% by grant. In special category States like North-Eastern States funds are released by way of 90% grant and 10% loan.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 36 & 37, Para No. 2.154 & 2.155)

Regarding mechanism to verify the data generated by S & I team, the Committee note that RPSOs collect data region-wise, State-wise, Utility organization-wise, consumption/category-wise in respect of consumers having load of 1 MW and above. Although the Government have stated that enough safeguards such as conducting field survey on power demand growth, intensive survey on methods of energy conservation and modernization, etc., are in place sample surveys to ascertain actual level of consumption economic models for demand forecasting are performed by RPSOs followed by scrutiny by CEA Headquarters, the Committee feel the Survey and Investigation system by RPSOs need to be conducted more scientifically so that generation and transmission targets do not go hay-wire.

Further, in regard to the preparation of detailed project reports of hydro projects and S&I of Hydro projects the Committee are distressed to note that presently, S&I and preparation of detailed project report of hydro projects are required to be carried out by various utilities as per "Guidelines for preparation of DPRs of irrigation and multipurpose projects" issued by Ministry of Irrigation in 1980. The Committee are further perturbed to note the involvement of various agencies/organizations at different stages for approval of DPRs which at present are submitted to CEA for techno-economic approval, to CWC for hydrological, design, safety and cost estimates of civil structures aspects. DPRs are also got examined by Central Soil and Material Research Station (CSMRS) from construction materials aspects. All the DPRs are now being examined by Geological Survey of India (GSI) from geological aspects. The Committee urge the Government to set up a Standing Committee for Hydel Project also similar to that created in CEA in September 2001 for creating a shelf of properly investigated, feasible and optimal sites for thermal power projects, which will in turn facilitate formulation of effective five year plans to meet the power requirement in the country. The Committee would also like to know as to how frequently the present body/Committee have held meetings since its formulation and the projects that have been examined/cleared by it for the 10th and 11th Plan periods.

Reply of the Government

CEA has already carried out a Preliminary Ranking Study of balance 399 identified undeveloped hydro power sites having total installed capacity of 1,06,910 MW spread over six River Systems of the country with the basic objective to have a shelf of prioritized hydro scheme for development in an appropriate sequence.

Government of India are according highest priority for hydro power development and a number of steps have been taken in this direction. Action has been initiated on projects which could yield about 35,000 to 40,000 MW capacity addition from hydro electric projects during 10th and 11th Plan. 133 projects (30 in Himachal Pradesh, 17 in

Uttaranchal, 17 in Sikkim, 24 in Arunachal Pradesh and 10 in Jammu and Kashmir) have already been identified which can immediately be taken up for survey and investigation. National Action Plan is under finalisation in consultation with the States and all other concerned.

In view of this, setting up a Standing Committee at this stage for creating a shelf of hydro projects may not achieve any useful purpose and, therefore, will be considered at a later stage.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 38, Para No. 2.169)

The Committee have observed that the performance of NTPC in regard to capacity addition programme during the 9th Plan period is far from satisfactory. For instance, as against the target of 5300 MW the actual capacity addition may not exceed 2700 MW whereas the anticipated expenditure was Rs. 12893 crore against the approved outlay of Rs. 15,655 crore during the Plan period. The shortfall of 2600 MW is on account of second stage expansion by 650 MW each of NTPC Gas Based Combined Cycle power projects at Anta, Auraiya, Kawas and Gandhar. The Committee have noted that these projects could not be commissioned during the 9th Plan period on account of abnormal increase in price of oil, resulting in corresponding increase in LNG prices, thereby increasing the total cost of generation. The State Governments who were proposed to be allocated power from these power stations declined to take the power from these projects. As the position stands, the projects would be taken up only after confirmation of availability of LNG/naphtha at a reasonable and firm price and accessibility of cost of generation by beneficiary States. In this connection, the Committee would like to point out that where as the world over the use of naphtha is being discarded for a variety of reasons, the Ministry of Power have sought to use this obsolete technology for reaping the benefit. It may also be noted that the economic cost of generation from naphtha based power project is high as unit cost is more than Rs. 5. Taking into consideration the world view, the Committee desire that NTPC should explore the possibilities of running these power plants on coal. It will also be in the fitness of things that NTPC undertake cost reduction exercises by making use of the state-of-art supercritical technology. The other technology options available with NTPC for cost reduction exercise include the use of Circulating Fluidized Bed (CFB) and pressurized CFB systems. The

Committee would like the NTPC and the Government to ponder over the concern of the Committee and apprise them of the outcome.

Reply of the Government

As explained in response to point 2.32, during 9th Plan, NTPC achieved capacity addition of 3140 MW including 440 MW of Tanda TPS taken over from UPSEB as against target capacity addition of 5300 MW. The shortfall of 2600 MW is on account of second stage expansion by 650 MW each of the NTPC Gas Based Combined Cycle Power Projects at Anta, Auraiya Kawas and Gandhar.

The expansion of existing gas based combined cycle power projects at Anta, Auraiya, Kawas and Jhanor-Gandhar were planned considering Naphtha as primary fuel till such time natural gas is made available. Accordingly, requirement of inputs like land, water and fuel were tied up. However, there was a steep rise in the landed price of Naphtha from Rs. 9,910 MT in March 1998 to Rs. 22,700 MT in October 2000, there was also a corresponding rise in the liquefied LNG identified as a main fuel for these projects. As a consequence, the estimated cost of generation rose to over Rs. 4 per unit due to which major beneficiary States refused to take power from the projects. Keeping in view the above and volatility in the Naphtha/LNG prices, NTPC decided to defer these projects.

Coal based power plants (supercritical/CFB) at these locations are not feasible considering the extent of inputs available since the requirement of land and water is manifold in comparison to gas based plants and these plants are located far away from coal source. On the other hand NTPC has plans to put up more coal based projects particularly at or near coal pit-heads. In this regard, NTPC has obtained CEA's Techno-economic Clearances for the following new projects with a capacity of 5280 MW based on coal:

(i)	Sipat STPP St-I	-	1980 MW
(ii)	Barh STPP St-I	-	1980 MW
(iii)	Kahalgaon STPP St-II	-	1320 MW
	Total	:	5280 MW

All these projects will incorporate state-of-art Supercritical technologies to achieve benefits of higher efficiency.

Further, following coal based projects are under processing for CEA's Techno-economic clearance:

(i)	Sipat St-II (Supercritical)	660 MW
(ii)	North Karanpura (Supercritical)	1980 MW
(iii)	Vindhyachal St-III	1000 MW
(iv)	Unchahar St-III	210 MW
(v)	NCTPP Dadri St-II	490 MW
	Total	4340 MW

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendations (Sl. No. 46 & 47, Para No. 2.205 & 2.206)

The Committee observe that Koel Karo HE Project (710 MW) in Bihar (now in the State of Jharkhand) was originally approved in June, 1981 at an estimated cost of Rs. 444.67 crore at March, 1980 price level. However, no major work could be started reportedly due to resistance from the local people to acquisition of land. In August, 1984, a writ petition was filed in the Supreme Court of India demanding *inter-alia* the scheme for rehabilitation of the displaced persons. On submission of the R&R package, the stay was vacated on 6.2.1989, and the court directed that the rehabilitation plan must be implemented and the compensation must be paid. The government of India approved the revised cost estimate for the project amounting to Rs. 1,338.81 crore in November 1991. The project, however, could not take off on account of financial constraints and R&R issues. The Committee note that according to the Ministry of Power, the anticipated completion cost of the Koel Karo Project is now Rs. 3,223.68 crore. The tentative tariff at the completion cost would be around Rs. 7.99 per unit. Further, the cost of the project can only be firmed up after the actual beneficiaries have been identified that R&R plan approved based on the fresh survey. Orissa, West Bengal and Sikkim have declined to purchase power from the Koel Karo HE Project. The Power Purchase Agreement (PPA) earlier executed with Bihar will need modification, as the project is located in Jharkhand which is yet to sign PPA for the purchase of power.

The Committee are unhappy to note that the project is further delayed as the PPA for the Project which now falls in the State of Jharkhand is again to be signed by Government of Jharkhand. The Government of Jharkhand has also written to Ministry of Environment & Forest (MOEF) in June, 2001, stressing that it would be essential to conduct fresh survey of PAPs to identify the actual beneficiaries for implementing the R&R plan. The Committee are perturbed to note to sort out all problems relating to Power Purchase Agreements, no steps have been taken by NHPC/Government to finalise the same. The Committee, therefore, recommend that all efforts should be made by NHPC to sort out the problems relating to signing of PPAs and conduct a fresh survey of PAPs to identify the actual beneficiaries for implementing the R&R plan alongwith speedy execution of the project.

Reply of the Government

1. The Koel Karo Hydro-electric Project (710 MW) in Bihar (now in Jharkhand) was originally approved in June 1981 at an estimated cost of Rs. 444.67 crores at March 1980 price level to be executed by National Hydro-electric Power Corporation (NHPC). The Project, however, could not take off on account of resistance from the local people to the acquisition of land, financial constraints and Rehabilitation & Resettlement (R&R) issues. In August 1984 a writ petition was filed demanding *inter alia* a scheme for rehabilitation of the displaced persons resulting in a stay imposed by the Supreme Court. On submission of the R&R package, the stay was vacated on 6.2.1989.

2. In a meeting of the Central Empowered Committee (CEC) constituted by the Government for reviewing Central Sector projects making slow progress, held on 26.2.97, it was decided that no further expenditure be incurred on the project without the approval of the CCEA.

3. Based on the request of the Hon'ble Members of Parliament from Bihar, Ministry of Power took steps to revive the project. The Government of Bihar was requested to conduct survey of Project Affected Persons (PAPs) in order to enable NHPC in formulating the Environment Management Plan (EMP) in accordance with the guidelines of the Supreme Court. The Project now falls in the State of Jharkhand and the Government of Jharkhand has written to the Ministry of Environment & Forests in June 2001, stressing that it would

be essential to conduct fresh survey of PAPs to identify the actual beneficiaries for implementing the R&R plan.

4. The anticipated completion cost of the project is Rs. 3223.68 crores. The tentative tariff at the completion cost would be around Rs. 7.99 per unit. The cost of the project can only be firmed up after the actual beneficiaries have been identified and R&R plan approved based on the fresh survey. Orissa, West Bengal and Sikkim have declined to purchase power from the Koel Karo H.E. Project. The Power Purchase Agreement (PPA) earlier executed with Bihar will need modification, as the project is located in Jharkhand which is yet to sign PPA for the purchase of power.

5. The Government of Jharkhand had filed an affidavit in response to a Public Interest Litigation [W.P. PIL No. 3316 of 2001] filed by the Deen Dayal Upadhyaya Smriti Kendra wherein the State Government had informed the High Court of Jharkhand that various issues and questions of far reaching importance and magnitude have to be taken into consideration and decided by the Government of Jharkhand before the State Government can take a definite stand on whether to construct the project or not. The issues *inter alia* relate to the acquisition of over 16,000 hectares private land as also taking possession of a large area of forest land. This would involve dislocation of a large number of families. The other major issue relates to the comparatively high tariff of power from the project and the project cost. The State Government also said that they would not be able to commit at this stage any time frame within which a decision could be taken in respect of taking up the implementation of the project. Keeping in view the difficulties expressed by the State Government in their affidavit, the Court dismissed the PIL on 22nd February, 2002. A copy of the order passed by Hon'ble High Court, Jharkhand, is enclosed for reference.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 54, Para No. 2.240)

The Committee observe that against budgetary support of Rs. 200 cr., the revised estimates have been Rs. 142.76 cr. The IEBR component was also reduced to Rs. 803.55 cr. from budget estimate of Rs. 1208.17 cr. Further, Power Finance Corporation loan was revised to Rs. 400.00 cr. from Rs. 643.66 cr. budgeted during 2001-02. The Committee, cannot, but deplore the way Government/THDC have failed to ensure timely commissioning of the project as scheduled in December, 2002 which is now much delayed. The Committee would like to know the reasons for delay in commissioning of the project and the steps taken to fully utilize the yearly allocations and ensure that the revised schedule is not delayed further. The Committee would also like to know the present status of the civil works of Koteshwar Project which is also being implemented by THDC.

Reply of the Government

The main reasons for reduction of plan outlay (both budgetary support and IEBR component) are as under:—

1. The planned works on the construction of Stilling Basin of Chute Spillway and right Bank Shaft Spillway could not be taken up due to Non-closure of Diversion Tunnels T-3 & T-4.

2. The work on the project stopped due to local agitations from 30th March 2001 to 23 April 2001.

3. Due to non-availability of Asena Quarry placement of rip-rap material suffered.

4. Due to deferment of award of civil package of Koteshwar HEP [400 MW].

The schedule of commissioning all the units of Tehri Project by December, 2002 was based on closure of Diversion Tunnels T-3 & T-4 in Oct./Nov. 2000 (subsequently least by March, 2001) to enable work on the Stilling Basin of Right Bank Spillways to be undertaken; this work requires about 18 months time for completion. Closure of Tunnels T-3/T-4 necessitated vacation of population residing at lower levels (upto EL 640 m), of Old Tehri Town. However, due to agitation at site, the Diversions Tunnels T-3 & T-4 could not be closed in March, 2001, which adversely affected the commissioning of Tehri Stage-I Project in the year 2002 and there was no alternative but to re-schedule the commissioning of the project. It could be possible to close the Diversion Tunnels T-3 & T-4 only in the first week of Dec., 2001.

The Diversion Tunnels T-1&T-2, through which the River has now been diverted (with closure of T-3&T-4) are planned for closure in

Non/Dec., 2002; the State Govt. of Uttaranchal are taking necessary steps for the shifting of Tehri Town latest by Sept., 2002. The first unit of the Project is now scheduled to be commissioned in March, 2003 and the balance three units by August 2003. All the plans and projections for completing the work have accordingly been adjusted by THDC based on the above revised scheduled. The progress of work is being watched closely to ensure that there is no further slippage. Various demands of the Govt. of Uttaranchal for enhancement of compensation to the affected people and infrastructure development of the area losing connectivity have since been settled and the infrastructure package is being taken up with Ministry of Finance. It is expected that the State Admn. will fulfil its promise to vacate the submergence area in time.

Status of Koteshwar Civil Works

The construction of Diversion Tunnel which is a prelude to taking up the work of Dam and Surface Powerhouse in the river bed, has already been completed and balance works related to river diversion are in progress.

The Package for major Civil Works of Dam and Surface Power House are being awarded shortly.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 55, Para No. 2.247)

Although, the Committee are happy to note that Government have accepted the package recommended by the Expert Group headed by Montek Singh Ahluwalia, whereby 60% of surcharge will be written off, the Committee are constrained to note that CPSUs will have to make sacrifices amounting to thousands crore of rupees at a time when they require improved investments. NTPC alone will be lossing by Rs. 9302 crore as per the package accepted by the Government. The Committee are dismayed to note that although the Government of India have approved recovery of outstanding dues of CPSUs by Central appropriation out of Central Plan Assistance to States since 1987-88 and have also taken steps like intensive schemes, bonds, takeover, etc., NTPC dues increased from Rs. 2627.26 crore in 1998-99 to Rs. 4953.69 crore during 2001-02 (February, 2002). In the present circumstances, the Committee recommended that the Government should take all necessary steps so that full payment of monthly bills is ensured in future. The Committee would like to know the action taken by the Government in this regard.

Reply of the Government

Expert Group constituted by the Union Ministry of Power under the Chairmanship of Dr. Montek Singh Ahluwalia to recommend measures for one-time settlement of out-standing dues of the State Electricity Boards payable to the Central Public Sector Undertakings including NTPC submitted its report to the Government of India on 11/5/2001. The recommendations of the Expert Group was considered by the High Level Empowered Group, consisting 9 Chief Ministers, Dy. Chairman, Planning Commission, Union Minister of Finance and Union Minister of Power. The recommendation of the Expert Group were endorsed by High Level Empowered Group with minor modifications in a meeting held on 6/7/2001. The scheme endorsed by High Level Empowered Group was approved for implementation by Government of India.

Union Minister of Power has announced the One Time Settlement Scheme *vide* letter dated 17/4/2002 intimated to the Chief Secretaries of all the State and Union Territories and Chairman of State Electricity Boards. A model Tripartite Agreement (TPA) alongwith scheme was circulated to the Chief Secretaries of all the States and Chairmen of all the SEBs on 20.05.2002.

One Times Settlement Scheme has following provision for full payment of current dues and imposition of penalty in case of default.

(i) SEBs shall open and maintain irrevocable LCs that are equal to 105% of their average monthly billing for the preceding 12 months.

(ii) Failure to open requisite LCs shall attract reduction in supplies from all CPSUs equal to 2.5% of the average daily supply for the preceding 90 days and suspension of APDRP.

(iii) In case payments are not made within 60 days, reduction in supplies by 5% (inclusive of reduction already made above) shall effected.

(iv) Reduction shall be increased to 10% and 15% after 75 and 90 days respectively.

(v) After 90 days, payments remaining outstanding would be recovered on behalf of CPSUs by MoF through adjustment against releases to State Government on account of plan assistance. States' share of central taxes and any other grant or loan.

(vi) The States that withhold their consent beyond 60 days after this scheme enters into force would be denied any share in the discretionary allocation of 15 per cent from the power stations of CPSUs as well as any assistance under APDRP. If the overdues of such States exceeded Rs. 50 crore in respect of any CPSUs, they would also attract reduction in power and coal supplies, as applicable to the States participating in this scheme.

The TPA has so far been signed by the following State Governments:

1. Assam
2. Chhattisgarh
3. Gujarat
4. Goa
5. Karnataka
6. Tamil Nadu
7. Uttar Pradesh
8. Andhra Pradesh
9. Madhya Pradesh
10. Punjab
11. Haryana
12. Jammu & Kashmir
13. West Bengal
14. Kerala
15. Nagaland

The following State Governments have given their consent in-principle approval:—

1. Maharashtra

2. Orissa

3. Uttaranchal

4. Himachal Pradesh

5. Rajasthan

6. Bihar

7. Jharkhand

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

CHAPTER IV

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

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

The Committee are deeply concerned to find the growing tendency on the part of the Ministry of Power in projecting an astronomically high Central Plan Outlay at initial stage, downsizing it at Revised Estimate stage and finally surrendering a substantial allocation at the end of the year. For instance, the Central Plan Outlay for the year 1998-99 at Budget Estimate stage was Rs. 9500 crore. It got revised to Rs. 7652 crore and finally Rs. 7177.89 crore was actually utilized, indicating a shortfall of more than Rs. 2322 crore. Similarly, in the year 1999-2000, as against Revised Estimates of Rs. 8049.32 crore, the actual utilization registered a steep under-utilisation of budgeted amount to Rs. 7641.18 crore. The utilization of Budgeted amount further dipped during the year 2000-01, when the actual utilization was only Rs. 6553.91 crore, as against Revised Estimates of Rs. 8365.38 crore, indicating a net under-utilisation of Rs. 1811.47 crore. The Committee find that the Central Plan Outlay for the year 2001-02 have already undergone revision, as Rs. 11525.33 crore projected at Budget Estimate stage, has been reduced to Rs. 11010.28 crore Now, a higher allocation of Rs. 13483.00 crore has been envisaged for the year 2002-03. With the present on-going trend in the Power Sector, the Committee apprehend shortfall in utilisation during 2001-02 and also in the year 2002-03. The Committee do not approve of surrendering of the Plan Outlays by Power Sector PSUs, year after year in such an irresponsible manner. The Committee are of the view that when Power Sector is clamouring for higher allocations, so as to improve the per capita supply of electricity, the Power Sector PSUs with their poor implementation of plans and policies, have failed to rise to the occasion. With such a state of affairs, the scarce resources remain locked in unproductive ventures, at the cost of other needy sectors of the economy. It appears to the Committee that ground realities are not taken into account while formulating and implementing the Plans. Taking into consideration, the dismal performance of the Power Sector, during all these years, the Committee recommend that Government should review the working of Power Sector as a whole, so that meaningful and relevant programmes and policies, could be formulated. At the same time, the Committee would like to be apprised of the corrective action taken by the Government, so as to ensure that the projected allocation at least during 2002-03 is expended fully.

Reply of the Government

The Budget Estimate, Revised Estimate and the actual expenditure incurred during 1999-2000, 2000-01, 2001-02 are given as under:—

Year	Budget Estimate	Revised Estimate	Actual Exp.	Percentage utilization vis-a-vis Revised Estimate
1999-2000	9600.27	8049.92	7641.18	94.92
2000-2001	9720.18	8365.38	6553.91	78.34
2001-2002	11065.53	10960.28	9925.45	90.56

Some of the Schemes under which saving occurred during 2001-2002 and the reasons for shortfall is given below:—

1. Kutir Jyoti Programme of REC—(Rs. 15 crore) The Kutir Jyoti Programme which aims at electrification of rural households falling Below Poverty Line (BPL) level including Dalit and Adivasi families. The programme aims at extending the benefit of single point light connections to such poor households in rural areas. As per the instruction of Ministry of Finance, funds have to be released to REC 50% in advance and 50% on receipt of actual utilisation of the previous funds and keeping in view the Physical Progress on the scheme from the State Government. Hence due to less claims from the SEBs fund could not be released to Rural Electrification Corporation.

2. Updating of Planning Models and Training of CEA officers under World Bank assistance—(Rs. 3.65 crores) Due to non-approval of the Government for continuation of the Scheme.

3. Energy Conservation—(Rs. 7.59 crores) Due to non-approval of the new scheme.

4. Power Grid Grants-in-aid- (Rs. 40 crore) The amount was provided by the Planning Commission as grant to POWERGRID for implementation of Load Despatch Centre in the North Eastern region. Since the scheme was approved on the funding pattern of debt-equity ratio of the Government of India and change of funding pattern was required to be approved by PIB/CCEA, the funds could not be released for the Scheme.

5. NEEPCO—The saving was due to slow progress of the scheme and also due to Non-approval of the New Scheme. Details of Schemes/Projects are given below:—

On-going scheme

1. Turial HEP (60 MW) Mizoram
2. Kopili 2nd stage Extn. (25 MW) Assam
3. Tuivai HEP (210 MW), Mizoram
4. Kameng HEP (600 MW) Arunachal Pradesh
5. Tipaimukh HEP (1500 MW) Manipur
6. Tripura G T Project (500 MW) Tripura

New Schemes

1. Ranganadi HEP (180 MW) Arunachal Pradesh
2. Lower Kopili HEP (150 MW) Assam
3. Dikrong HEP (100 MW) Arunachal Pradesh
4. Papumpam HEP (100 MW) Arunachal Pradesh
5. Pakke HEP (75, MW) Arunachal Pradesh

6. Sardar Sarovar Project—(Rs. 36.27 crores) Government of India had decided in 1984 to contribute towards the Resources gap in the share of Madhya Pradesh amounting to Rs. 300 crore approximately for the execution of Sardar Sarovar Power Project. The funds are released based on the contributions made by the Government of Madhya Pradesh in the proportion of 1:28:1. 57% share of Madhya Pradesh is in the Power component of Sardar Sarovar Project (1450 MW). An amount of Rs. 297.4 crores has been released so far including Rs. 56 crore in 1998-99, Rs. 18.73 crore in 1999-2000 and Rs. 33.87 crore in 2000-2001. Though the Government of Gujarat has been requesting for increasing the Government of India contribution to around Rs. 2000 crore in view of the increase in the Project costs. No matching requirement for release of funds during the year has been received from the Government of Madhya Pradesh.

7. Tehri Hydro Electric Development—(Rs. 38.83 crore) Due to delay in closure of Diversion Tunnel T-3 and T-4 and delay in Award of Civil works of Koteshwar Project.

8. Loan to REC for System Improvement Scheme for energisation of Pumpsets and electrification of Villages—(Rs. 410 crore) Village Electrification has now been included under the Pradhan Mantri Gramin Yojana (PMGY). Therefore, REC does not seek funds for the Scheme.

As regards the corrective action taken by the Ministry of Power for utilisation of the projected allocation of 2002-2003 it is mentioned that utilisation of fund has been closely monitored by us, review meeting has been held with all concerned authorities. The object of the review meetings is to ensure that the entire budget is spent/utilised in the manner envisaged. Also, if any bottlenecks that come in the way of implementation of projects and therefore, the utilisation of budget, are being removed by these review meetings and appropriate corrective steps thereafter.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 10 of Chapter 1 of the Report)

Recommendations (Sl. No. 8, Para No. 2.50)

The Committee are unhappy to note the reduced revised outlays of Rs. 2352 crore from budgeted outlays of Rs. 2869 crore for POWERGRID during 2001-2002. The reduction of Rs. 517 crore was mainly due to investment/approvals of Telecom. Gas project, Sipat, Tala Rihand-II, etc., which were reported to be under process. **The Committee, therefore, expect that IEBR component of POWERGRID at Rs. 3312 crore during 2002-2003 would be fully mobilized and utilized for projects as targeted.**

Reply of the Government

During 2002-03, it is anticipated that there may be a shortfall in utilization as against the Budgeted outlay of Rs. 3352 crore. This may be primarily due to slippage in project implementation on account of unforeseen procedural delays in the processing of proposals for investment approvals for projects like Rihand-II Transmission System, Sipat-I Transmission System and Tala Transmission System. Moreover, the transmission system associated with Hirma Stage-I may not materialize during 10th Plan Period as a result of slippage in the associated generation project.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee

Please *see* Para 16 of Chapter I of the Report.

Recommendations (Sl. No. 24, Para No. 2.121)

The Committee are perturbed to note the multiplicity of fund disbursing authorities for rural electrification programmes. As at present the funds are sanctioned and disbursed by different Ministries/organizations, the Committee are of the opinion that there is a need to set up a common planning, and monitoring authority to ensure proper and optimal utilization of funds.

Reply of the Government

Rural Electrification Schemes are formulated and implemented by the State Governments/SEBs/State Power Utilities, out of the State Plan allocation depending upon their priorities. However, there are other options available for seeking financial assistance for implementing rural electrification scheme. The Govt. of India provides Additional Central Assistance under Pradhan Mantri Gramodaya Yojana and Minimum Needs Programme. The funds are released by the Ministry of Finance on the recommendations of the Planning Commission and Ministry of Power under PMGY and MNP respectively. REC also provides financial assistance to SEBs to supplement their resources. The programme of implementation of scheme is reported to CEA who compiles the information.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee

Please *see* Para 28 of Chapter I of the Report.

Recommendations (Sl. No. 31, Para No. 2.128)

The Committee are concerned to note that the task of identification of 80,000 villages assigned to the Ministry of Power has not been fulfilled by Central Electricity Authority. The Committee wonder as to how the Government will undertaken the rural electrification work, in the absence of such a list. The Committee desire that the Ministry of Power should identify such unelectrified village and furnish a list so that the various agencies entrusted with rural electrification can commence their work without any loss of time.

Reply of the Government

Rural electrification is the primary responsibility of the State Electricity Boards (SEBs)/State Governments who own and operate distribution system in the States. Rural electrification schemes are formulated and executed by the respective State Government. The task of the identification of the remaining unelectrified villages in the respective State can only be done by the States themselves.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee

Please *see* Para 45 of Chapter I of the Report.

Recommendations (Sl. No. 42, Para No. 2.177)

The Committee have observed that the rate of interest charged by Power Finance Corporation (PFC) for different power schemes ranges between 11.5 and 14 per cent. In the opinion of the Committee the interest so charged is near commercial rate of borrowings. The Committee are of the view that PFC was set up with the primary aim of financing all power projects on a softer term lending. This indicates that the PFC have failed to fulfil their mandate taking into consideration the commercial rate of borrowing charged by PFC from power utilities. The Committee, therefore, desire that the subsidies given under Accelerated Generation and Supply Programme (AG&SP) being implemented by PFC whereunder 4% subsidy is granted to SEBs, defeats the very purpose of the subsidy, especially when the schemes are subjected to commercial rate of borrowing. The Committee would recommend that the Government should re-examine the rates of interest being charged by PFC on term lending to power utilities. This is all the more necessary in view of the fact that lending rates are falling in all other sections of the economy.

Reply of the Government

Interest rates mentioned in the paragraph were introduced by Power Finance Corporation (PFC) from 1.12.2001. Thereafter, the rates have been reviewed and reduced twice by the PFC. The rates effective from 1.8.2002 for State Sector Grade-I borrowers currently range from 9.75% to 12%.

PFC offers the most affordable source of finance for the State Power Sector, both for short and long term. PLRs for most of the banks are in the range of 11.5% to 12% and a further spread of 3% to 4% are applied by these banks for funding long term loans to State Power Sector. Accelerated Generation and Supply Programme was implemented through PFC in IXth Plan. The proposal to extend this Programme into Xth Plan incorporating changes arising out of fall in interest rates all over and need for reforms to power sector is under consideration.

In keeping with market expectations. PFC has been regularly reviewing its interest rates for downward revision, as a result of which PFC has downwardly revised its interest rates four times within last one year.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

Please *see* Para 63 of Chapter I of the Report.

CHAPTER V

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

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

Fund requirements for an estimated capacity addition of 47,000 MW during 10th Plan is of the order of Rs. 5,66,000.00 crore. Although, the year-wise requirements of funds during 10th Plan have already been decided by the Government, the manner in which resources are to be mobilized is yet to be decided. The Committee desire that the mobilizing of the funds finalized at the earliest and the Committee be apprised of the same. The Committee would also like to know the terms of reference of the Committee headed by former Chairman, PFC to examine in detail the resource mobilization programme for funding the 10th Plan capacity addition programme. The Committee also desire that the report of the Committee be finalized at the earliest and they may be apprised of the same.

Reply of the Government

A Committee under the chairmanship of Dr. Uddesh Kohli, Ex-CMD, PFC has been set up to advise this Ministry on the financing of power sector during the 10th and 11th Plan periods. The Committee, amongst others consists of representatives from Planning Commission, CEA, Deptt. of Atomic Energy, MNES, CPSUs apart from representatives from eminent financial institutions. The terms of reference of Committee are as under:

- To estimate the overall fund requirements for achieving the goal of power on Demand by 2012.
- To estimate the investments to be made by Central and State power utilities, State Governments, private sector etc., during this period.
- To identify sources of funds to meet the investment requirements, including Government funds, multilateral and bilateral assistance, institutional finance, market borrowings, internal resources, private investment, etc.

- To suggest institutional, policy and other measures in order to achieve the desired goal.

The Committee has met several times and is expected to finalise its report shortly.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 13 of Chapter I of the Report)

Recommendation (Sl. No. 10, Para No. 2.52)

About commissioning of National Grid, the Committee have observed that this is planned to be implemented in a phased manner. In the first phase of National Power Grid, various regions are being inter-connected in a synchronous mode *i.e.* through HVDC links. The following inter-regional links have already been established (i) 500 MW HVDC Back to Back between NR & WR at Vindhyachal (ii) 500 MW HVDC Back to Back between ER & SR at Gazuwaka and (iii) 1000 MW HVDC between WR & SR at Chandrapur. The Government have informed the Committee that the first phase will be accomplished with the commissioning of 500 MW HVDC Back to Back at Sasaram inter-connecting Eastern Region and Northern Region by the end of the year 2002, thereby, enabling the inter-regional power exchange capacity of around 5000 MW. However, the 400 KV AC lines associated with this link have already been commissioned to transfer surplus power from Eastern Region to Northern Region in radial mode, to reach the present available capacity of 4800 MW. The inter-regional transfer capacity is planned to be increased to the level of 30,000 MW by the year 2012 in the next two phases. The Committee are dismayed to observe that although establishment of National Power Grid requires an investment of approximately Rs. 60,000 crore during X Plan (Year 2002-07) and XI Plan (Year 2007-12) and the required investment is to be mobilized by POWERGRID through its internal resources, domestic and external borrowings and private sector participation, the outlays for 2002-2003 has been kept at Rs. 3312 crore against requirements of more than Rs. 400 crore per year during 10th Plan. **The Committee would therefore like to know the reasons for low outlay during the first year of the 10th Plan and the steps taken by the Government to ensure mobilization and utilization of Rs. 21,000 Crore targeted for 2002-07.**

Reply of the Government

Out of the envisaged capacity addition programme of 47,000 MW during 10th Plan period, major portion *i.e.* around 30,000 MW is planned during the two terminal years (*i.e.* 2005-06 and 2006-07). Matching with the above capacity addition program, POWERGRID has planed its associated transmission projects. Accordingly, the annual investment pattern of POWERGRID is higher during the later part of 10th Plan and less in the initial years. As regards materialization of Rs. 21,000 Crore targeted for 2002-07, the Planning Commission has approved Budgetary support of Rs. 1000 Crore to supplement POWERGRID's own resources.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Recommendation (Sl. No. 11, Para No. 2.53)

On the issue of different rates of Custom duties applicable on equipments imported for generation and transmission projects, the Committee feel that the generation and transmission utilities should prefer to procure equipments from domestic companies. However, with regard to purchase of imported equipments, the Committee have earlier also recommended that power being treated as infrastructure sector, both generation and transmission projects be treated equal. The Committee are constrained to note that the Ministry of Finance has not responded to the recommendation of the Committee and power transmission projects are still required to pay a higher effective customs duty of 50.8% (25%+16%+4%) whereas the generation projects carry an effective customs duty of 21.8% (5%+16%) for import of equipments, etc. Exemption is available from customs duty on import of goods for power generation projects, which are funded by the World Bank. ADB and other international organizations. Similar exemption is also available for mega power projects. On the other hand, the projects which are funded through domestic resources have to pay the duty even if they are set up on the basis of International Competitive Bidding (ICB). The Committee, therefore, strongly urge the Government (Ministry of Finance) that not only import of all goods for power generation irrespective of the source of funding may carry zero duty for a period of three years as proposed by Ministry of Power, but the same be made applicable to transmission projects also to provide a level playing field to all the players. The Committee would await for the action taken by the Government in this regard.

Reply of the Government

Ministry of Finance (Department of Revenue) has been requested to include this in the budget proposals for 2003-04, *vide* letter dated 3.9.2002. The matter will also be taken up at the pre-budget meeting also.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Reply of the Ministry of Finance

"The capital goods required for setting up of power transmission projects have strong indigenous production base. If import of all goods required for power transmission projects is allowed without payment of customs duty, the interests of domestic producers of these goods will be affected adversely. It will also results in huge loss of revenue to the Government.

Further, the recommendation of the Ministry of Power to extend duty concession to power transmission projects made prior to the last budget (2002) had also been examined. The Ministry of Power were requested to provide a list of equipment required for power transmission, which were not available indigenously so that the same could be considered for duty concession. However, no reply has been received from the Ministry of Power in this regard."

[Ministry of Finance O.M. No. F.No. 342/2/2002-TRU dated 17.5.2002]

Comments of the Committee.

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

Recommendation (Sl. No. 22, Para No. 2.93)

The Committee are not convinced with the action plan of the Government to cover all distributing circles (above 415 circles) in the country during the 10th Plan. In view of only 63 representative distribution circles identified so far and the Government have asked each State to identify 3 new distribution circles the Committee feel that the targeted completion of all distribution circles during the 10th Plan may go haywire due to the low outlays as well as lower identification of circles for the year 2002-03. Further, during 2001-02 the funds could not be released by the Ministry of Finance despite firmed up plans of Ministry of Power with different SEBs/States. The Committee are not in favour of 'Inspector Raj' whereby sanctions are to be issued by the Advisor-cum-Consultant appointed for carrying out APDRP schemes in different circles, and expect the Government to ensure that all the distribution circles be covered in the 10th Plan as targeted. Advisor-cum-Consultants who have been appointed to recommend sanction of projects should not unnecessarily delay the implementation/execution of programmes.

Reply of the Government

For successful implementation of the Accelerated Power Development and Reforms Programme, the Ministry of Power identified 63 distribution circles in various States for developing them as "centres of excellence" in the first phase. The first lot of schemes for the above 63 circles was approved in March 2001. After preparation of detailed project reports (DPRs) by Advisor cum Consultants, schemes for 63 circles have been approved in July 2002, covering 117 towns of the country.

With a view to cover all the distribution circles in the next 4 to 5 years and for quick results, Ministry of Power identified 167 towns in the country for development under APDRP in the next phase. Schemes for 65 such towns have been received and approved by Ministry of Power in September, 2002.

To help the SEBs/utility in efficient and professional implementation of the schemes. MoP appointed NTPC and POWERGRID as lead Advisor cum Consultants (AcCs). The main function of the AcCs was the capacity building of the SEBs/utility in the areas of preparation of bankable & tenderable detailed project reports (DPRs), supervision of implementation of schemes, MIS development, GIS mapping, monitoring of project implementation etc.

NTPC and POWERGRID have already prepared tenderable DPRs for the identified 63 circles in the first phase. During this process, NTPC & POWERGRID experts have trained the SEB/utility personnel in collection of data for formulation of the DPRs for other circles. They are now helping SEBs/utilities in finalisation of additional projects and in implementation of approved schemes.

In financial year 2000-01, APDRP fund amounting to Rs. 978 Crores was released to various States for implementation of projects costing 1990.20 crores. Out of this a sum of Rs. 723.25 crores has been utilized. The schemes cover mainly 100% metering for feeders & consumers, replacement/augmentation of distribution transformers, Reconductoring of sub-transmission & distribution lines, capacitor installation and R&M/R&U of thermal/hydel power plants.

Further, APDRP fund of Rs. 425 crores have been released in FY 2002-03. Various projects costing Rs. 8484 crores covering 182 towns have been sanctioned by MOP so far in the current financial year. Ministry of Finance has been requested to release next tranche of APDRP fund to the states.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 25 of Chapter I of the Report)

Recommendation (Sl. No. 26, Para No. 2.123)

2.123 The Committee are dismayed to note that no proposal has been received under a new REC scheme for electrification of Dalit Bastis by providing credit support to SEBs/Power Utilities/State Governments. The Committee would like to know the outcome of the State Governments/State Electricity Boards who have been advised to formulate schemes for electrification of Dalit Bastis under this scheme of REC.

Reply of the Government

To accelerate the programme of electrification of Dalit Bastis, a new REC scheme was introduced in January, 2002. However, the response has not been encouraging from the SEBs in this regard. Two schemes as proposed for loan assistance of Rs. 192 lakh by APTRANSCO envisaging electrification of 2011 Dalit Bastis had been sanctioned during 2001-02. APTRANSCO is yet to execute loan agreement for these two schemes and draw the loan amount.

In order to make the programme of electrification of Dalit Bastis more attractive, it is proposed to provide subsidy to REC which would be passed on to the States for electrification of Dalit Bastis.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 35 of Chapter I of the Report)

Recommendation (Sl. No. 28, Para No. 2.125)

2.125 Committee have noted that till as late as October, 1997 the definition of a village electrification as followed by the Government was "a village should be classified as electrified if electricity is being used within its revenue area for any purpose whatsoever". In October, 1997 the definition was changed as follow" a village will be deemed to be electrified if the electricity is used in the inhabited locality within the revenue boundary of the village for any purpose whatsoever". The Committee further note that the definition of village electrification as adopted by the Ministry of Non-Conventional Energy Sources provide that a village is deemed to be electrified if at least 60% of the household are provided with lighting. The Committee are of the view that although the definition pronounced in 1997 by the Ministry of Power is an improvement over the old definition, but it still did not specify a minimum coverage of the households. The Committee have further noted that only 13 of the 28 States have so far revised the statistics pertaining to rural electrification based on October, 1997 definition. Presumably, after the revision of the statistics all over the country, the number of non-electrified villages, which at present stands 80,000 may go up. Similarly, the number of remote villages may also change based on more accurate survey. The Committee recommend that a uniform definition be practised and adopted by all the arms of the Government, including the Ministry of Power. At the same time, the Committee desire that the Ministry of Power should impress upon the States to update their statistics based on the October, 1997 definition. The Committee may be appraised to the action taken by the Government in this regard. The Committee would like to be apprised of the number of villages electrified taking into consideration the definition practised and adopted by Ministry of Non-Conventional Energy Sources.

Reply of the Government

It is true that the present definition of village electrification adopted in October, 1997 is restrictive and does not meet the aspirations of the rural people Ministry of Power have initiated several measures to ensure universal electrification by 2012, a major initiative is to complete village electrification by 2007 and ensure supply of electricity to households by 2012. In order to translate these goals into reality apart from providing for difficult resources, the definition of village electrification is proposed to be modified to reflect the actual use of electricity in the rural areas. There has been demand from representatives of people that the definition of village electrification should be more broad-based and include electrification of households and public places like schools, panchayat offices, health centres, dispensaries and community centres. The Standing Committee on Energy have been demanding that a village should not be declared as electrified, unless 10% households have been electrified. At present, it is not possible to adopt the definition of village electrification on the lines of Ministry of Non-Conventional Energy Resources due to various difficulties expressed by the States. The present level of rural household electrification is about 31% and the States have been requested to accelerated this programme.

The question of revising the existing definition of village electrification to consider the suggestions of MPs and Standing Committee on Energy has been under the consideration of the Government for quite sometime. The issue has also been discussed with various concerned agencies i.e. Planning Commission, Rural Electrification Corporation, Central Electricity Authority and also the representatives of the State Govts./State Electricity Boards. Based on the process of consultation, a consensus has emerged that a village should be treated as electrified, subject to fulfillment of the following conditions:

(a) The basic infrastructure such as distribution transformer and/or distribution lines is made available in the inhabited locality within the revenue boundary of the village including atleast one hamlet/Dalit Basti as applicable;

(b) Any of the public places like schools, Panchayat Offices, Health Centres, Dispensaries, Community Centres etc. should be able to avail power supply on demand;

(c) The ratings of distribution transformers and LT lines to be provided in the village will be finalized keeping in view of the anticipated number of connections in consultation with the Panchayat/Zila parishad/District Administration, who will issue the necessary certificate of village electrification on completion of the works; and

(d) A minimum of 10 percent of households should be electrified in village hitherto unelectrified, before the village is declared electrified, and this revision of definition would be prospective.

The Ministry of Power proposes to finalize the above definition of village electrification, keeping in view the above suggestions and to issue a notification in this behalf. The Ministry of Power has requested the States on 6th August, 2002 to offer their views on the proposed definition of village electrification. The revised definition of village electrification would be notified immediately on receipt of comments from the State Governments.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 42 of Chapter I of the Report)

Recommendation (Sl. No. 32, Para No. 2.129)

2.129 The Committee find that with the passage of time, some electrified villages, specially in Bihar have been de-electrified. The Committee would like to be apprised of the reasons for such de-electrification, the loss, incurred thereon and follow-up action taken to electrify the de-electrified villages, State-wise.

Reply of the Government

In Bihar there have been reports of theft of conductors and poles etc. which result into de-electrification of electrified villages. Law & order is the responsibility of the State Government. However, the Govt. is committed to electrify all the villages by 2007 and for this purpose adequate funds are being provided to the State Government for taking village electrification on a massive scale.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

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

Recommendation (Sl. No. 33, Para No. 2.130)

2.130 Committee find that in some of the States, notably U.P. an MLA is entitled to sponsor some villages for electrification every year. In the opinion of the Committee, public representatives should be allowed, to sponsor social and economic schemes, including village electrification. The Committee, therefore, recommend that a Member of Parliament should also be allowed to purpose certain number of villages for electrification. The Committee also desire that 90% of the project cost should be borne by Central Government in the form of grant and the remaining 10% met by the State Governments or sourced from MPLADs or funds or other similar funds. The Committee are of the view that such a mechanism will improve the intensity and coverage of village electrification to a large extent and may ensure 100% village electrification by 2007.

Reply of the Government

A Member of Parliament is welcome to propose villages for electrification from funds out of MPLADs. As regards component of the grant portion to be borne by the Central Government, 90% grant is available to special category States and 30% grant is available to other States for Rural Electrification Programme.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 51 of Chapter I of the Report)

Recommendation (Sl. No. 39, Para No. 2.170)

Regarding impact of CERC order relating to principles of tariff under ABT, the Committee observe that the elements of tariff which got affected by CERC orders are mainly Depreciation, O&M expense and Incentive/disincentive, etc. these in turn have an adverse effect on the revenue generation and IR availability of NTPC. The shortfall in IR is expected to be of the order of over Rs. 2150 crore, during the period upto 2012, which is essentially on account of lower fixed cost recovery under the CERC norms *vis-a-vis* the Government notified tariff, leading to lower cash profits. The Committee have been informed that although capacity addition programme of 9160 MW and 10810 MW has been planned by NTPC during 10th (not 9th) and 11th Plan (not 10th) respectively, the shortfall in International Resources which is expected to be of the order of over Rs. 21,500 crore upto 2012 on account of ABT (about Rs. 2000 crore per year) are to be supported through budget. However, the Committee observe that only Rs. 167.63 crore have been provided as budgetary support to NTPC during 2002-03. The Committee, therefore, desire to know the steps taken by the Government/NTPC to meet the shortfalls of about Rs. 2000 crore per year for investment in power projects to generate about 20,000 MW of power during the next 10 years.

Reply of the Government

NTPC has sought Net Budgetary Support (NBS) in the form of GOI equity to the extent of Rs. 13,209 crores during the X Plan period to fund the equity portion of the proposed new projects. The need to seek NBS has arisen due to the adverse impact of CERC orders relating to tariff principles, as already observed by the Committee. Based on the anticipated schedule of the project implementation and phasing of expenditure, NBS requirement of Rs. 167.63 crore for BE 2002-03 has been worked out and sought.

However, as against the request of Rs. 13,209 crore by NTPC the Gross Budgetary Supportary (GBS) approved by Planning Commission is only Rs. 3300 crore during the X Plan period. The capacity addition programme of NTPC in the X Plan period will be lower than the earlier plan of about 10,000 MW due to inadequate availability of Internal Resources and Net Budgetary support. The alternative funding options are, however, under study of NTPC.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 38 & 40 of Chapter I of the Report)

Recommendation (Sl. No. 40, Para No. 2.171)

The Committee have been informed that a Group has been constituted by the Government of India to formulate a concept paper on tariff policy. The Group has been enlarged to include the representatives of the State Governments to formulate tariff policy. The Group is yet to submit its recommendation. The Committee would like to know the role of CERC/SERC *vis-a-vis* the Group formulated by the Government to formulate tariff policy. The Committee also desire to know the time by which the Group is likely to submit its report and the details thereon.

Reply of the Government

So far as NTPC is concerned, Government of India had constituted a group on 19th February, 2001 to prepare a concept paper on Tariff

Policy keeping in view the objectives laid down in ERC Act, 1998. This group has representatives from Ministry of Power, Central Electricity Authority, Central Generating Companies and State Electricity Boards/State Power Utilities.

This group has held 5 meetings and also obtained the views of various Stake holders such as NTPC, Powergrid, SEBs etc. Tariff policy being formulated by Government of India should include financial and operating principles for determination of tariff so that these can be uniformly applied by Central Electricity Regulatory Commission (CERC)/State Electricity Regulatory Commission (SERC) while determining tariff of different power utilities such as State Electricity Board (SEB), Independent Power Producer (IPP), Licencees and Central Public Sector Undertaking (CPSU).

The Group is yet to submit the formulation of tariff policy to Government of India.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 39 & 40 of Chapter I of the Report)

Recommendation (Sl. No. 43, Para No. 2.202)

The Committee is constrained to note the huge variations in Plan Outlay of NHPC for 2001-02 for completed projects. Against the budget estimates of Rs. 7.08 crores for completed projects, the revised estimates have been Rs. 196.27 crore during 2001-02. The Committee are, further perturbed to note that against a budgeted outlay of Rs. 150 crore for Survey & Investigation, the revised estimates were Rs. 67.46 crore only, although a huge hydel generation capacity remains untapped. The Committee takes a strong note of the casual approach in planning of funds at budget stage and desire to know the reasons for this huge variation in Plan Outlays. The Committee feel that unless responsibility is fixed, realistic outlay and targets cannot be achieved. The Committee, therefore, expect that the Government after failing to achieve budgeted outlay for different schemes by CPUs, will at least now act and take necessary steps to improve the plan formulation.

Reply of the Government

For completed projects, a provision of Rs. 7.08 crores kept in BE 2001-02 was enhanced to Rs. 196.27 crore in RE 2001-02 to capitalize interest durin g construction accrued till commercial generation by debiting 50% of the amount as loan from Govt. of India and balance 50% from Govt. of India fund adjustable to equity in the book of account of Chamera-I, Tanakpur, Uri and Rangit Projects.

The decrease in budgetary outlay during 2001-02 for Survey and investigation schemes is mainly due to delay in sanction of Stage-I & II estimate covering expenditure for Survey & Investigation, infrastructure and development resulting in delay in taking up of infrastructure work.

The Annual Plan formulated by NHPC in respect of new schemes/ schemes under Survey & Investigation is duly scrutinised by CEA before being recommended by Ministry of Power for consideration of the Planning Commission.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 67 of Chapter 1 of the Report)

Recommendation (Sl. No. 50, Para No. 2.216)

The Committee have noted that on account of security constraints, work on Loktak Downstream Hydel Project has been held up causing cost and time overruns. Similarly, clearance of Tipaimukh Power Project (1500 MW) has also been held up on account of security consideration. In the opinion of the Committee, expenditure incurred on security should not be treated as component of project cost, otherwise the project would become economically unviable. It should be the duty of local administration to provide adequate security to men and machinery engaged in the execution and maintenance of any hydel power project. The Committee, therefore, recommend that expenditure incurred on security should be borne by the Central Government/Department of North-Eastern Region. The Committee hope and trust that the Government will take adequate steps to provide necessary security cover for the execution of Loktak Downstream Hydel Project. At the same time, the Committee recommend that security related issues may be thrashed out and Tipaimukh project also be accorded clearance accordingly. The Committee also recommend that security related expenditure as a matter of policy should be borne by Central Government and not loaded on a project cost.

Reply of the Government

The Recommendations of the Committee have been noted and the matter is being processed in consultation with other Ministries/ Departments concerned for a policy decision at the appropriate level in the Government.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please see Para 70 of Chapter I of the Report)

Recommendation (Sl. No. 53, Para No. 2.229)

Regarding implementation of Tailpool Dam Project, the Standing Committee on Energy have repeatedly recommended implementation of the project in its 3rd and 16th Reports. (13th Lok Sabha) on Demands for Grants for 2000-01 and 2001-02 of the Ministry of Power. The Committee have now been informed that CEA and DVC are in the process of discussion and sharing of data/information to arrive at the correct project cost and resultant tariff as well as work out commercial viability of the project to make a clear cut recommendation on the implementation of the project. In this connection, the Committee have been informed that desired information sought by CEA during the last meeting held on 25.1.2002 has been furnished by DVC on 15.2.2002. The Committee are surprised to observe that although the Government have stated that identification of land awardees and decision on final R&R package are being finalised to start the work, the Govt. have further constituted a joint Committee of CEA and DVC. The Committee are surprised to observe that although the Government have stated that identification of land awardees and decision on final R&R packages are being finalised to start the work, the Government have further constituted a joint Committee of CEA and DVC. The Committee expect that techno-economic viability of the project the finalised by the joint committee of CEA and DVC at the earliest and the work on Tailpool Dam will be started at the earliest.

Reply of the Government

To resolve the issue on implementation of Tailpool Dam at Panchet, Ministry of Power *vide* D.O. No. 3/3/89-DVC (Vol.II) dated 27.09.2001 constituted a joint committee of DVC and CEA. The Committee has since held several meetings and final recommendation is expected to be available shortly. The work on this project could start only after the techno-economic viability of the project is established.

[Ministry of Power F. No. 20020/8/2002-Bud. dated 12.11.2002]

Comments of the Committee.

(Please *see* Para 73 of Chapter I of the Report)

NEW DELHI;
14 *February*, 2003
25 *Magha*, 1924 *(Saka)*

SONTOSH MOHAN DEV,
Chairman,
Standing Committee on Energy.

ANNEXURE I

MINUTES OF THE FIRST SITTING OF THE SUB-COMMITTEE 'F' ON ACTION TAKEN REPORTS OF THE STANDING COMMITTEE ON ENERGY (2003) HELD ON 14TH FEBRUARY, 2003 IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Sub-Committee met from 15.00 hrs. to 15.30 hrs.

PRESENT

Shri Sontosh Mohan Dev—*Chairman*

2. Shri Tilakdhari Prasad Singh—*Convenor*

MEMBERS

3. Shri Vijayendra Pal Singh Badnore

4. Shri Santosh Bagrodia

SECRETARIAT

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

2. At the outset, the chairman, Standing Committee on Energy welcomed the memebrs to the first sitting of the Sub-Committee 'F' on Action Taken Reports.

3. The Sub-Committee then took up for consideration the following draft Reports:—

(i) Action Taken Report on the recommendations contained in the 25th Report (13th Lok Sabha) on the subject "Nuclear Power Generation—Targets and Achievements".

(ii) Action Taken Report on the recommendations contained in the 26th Report (13th Lok Sabha) on the subject "Small Hydro Power Programme—an Evaluation".

(iii) Action Taken Report on the recommendations contained in the 27th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Department of Atomic Energy.

(iv) Action Taken Report on the recommendations contained in the 28th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Ministry of Non-Conventional Energy Sources.

(v) Action Taken Report on the recommendations contained in the 29th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Ministry of Power.

(vi) Action Taken Report on the recommendations contained in the 30th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Department of Coal.

4. The Sub-Committee adopted the aforesaid draft Reports with minor additions/deletions/amendments.

The Sub-Committee then adjourned.

ANNEXURE II

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON ENERGY (2003) HELD ON 14TH FEBRUARY, 2003 IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 16.00 hrs. to 17.00 hrs.

PRESENT

Shri Sontosh Mohan Dev — *Chairman*

MEMBERS

2. Shri Vijayendra Pal Singh Badnore
3. Shri Lal Muni Chaubey
4. Shri Bikash Chowdhury
5. Shri Ali Mohmad Naik
6. Shri Harpal Singh Sathi
7. Shri Tilakdhari Prasad Singh
8. Shri Manoj Sinha
9. Shri B. Venkateshwarlu
10. Shri Devdas Apte
11. Shri Santosh Bagrodia
12. Shri Jayanta Bhattacharya
13. Shri Dara Singh Chauhan
14. Shri Ajay Maroo
15. Shri B.J. Panda
16. Shri Gaya Singh

SECRETARIAT

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

2. At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Committee.

3. The Committee then took up the following draft Reports, as adopted by the Sub-Committee 'F' on Action Taken Reports, for consideration:—

(i) Action Taken Report on the recommendations contained in the 25th Report (13th Lok Sabha) on the subject "Nuclear Power Generation—Targets and Achievements".

(ii) Action Taken Report on the recommendations contained in the 26th Report (13th Lok Sabha) on the subject "Small Hydro Power Programme—An Evaluation".

(iii) Action Taken Report on the recommendations contained in the 27th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Department of Atomic Energy.

(iv) Action Taken Report on the recommendations contained in the 28th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Ministry of Non-Conventional Energy Sources.

(v) Action Taken Report on the recommendations contained in the 29th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Ministry of Power.

(vi) Action Taken Report on the recommendations contained in the 30th Report (13th Lok Sabha) on Demands for Grants (2002-03) of the Department of Coal.

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

5. The Committee also authorized the Chairman to finalise the above-mentioned Reports after making consequential changes arising out of factual verification by the concerned Ministries/Departments and to present the same to the Houses of Parliament.

The Committee then adjourned.

ANNEXURE III

(*Vide* Para 4 of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY-NINTH REPORT OF THE STANDING COMMITTEE ON ENERGY (THIRTEENTH LOK SABHA)

I.	Total No. of Recommendations made	55
II.	Recommendations that have been accepted by the Government (Vide recommendations at Sl. Nos. 3, 4, 5, 14, 15, 17, 20, 21, 27, 29, 34, 35, 41, 44, 45, 48, 49, 51 and 52	19
	Percentage of total	34.55%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies (Vide recommendations at Sl. No. 2, 7, 9, 12, 13, 16, 18, 19, 23, 30, 36, 37, 38, 46, 47, 54 and 55)	17
	Percentage of total	30.9%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (Vide recommendations at Sl. Nos. 1, 8, 24, 25, 31 and 42)	6
	Percentage of total	10.9%
V.	Recommendations in respect of which final replies of the Government are still awaited (Vide recommendations at Sl. Nos. 6, 10, 11, 22, 26, 28, 32, 33, 39, 40, 43, 50 and 53)	13
	Percentage of total	23.65%