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**STANDING COMMITTEE ON
ENERGY
(2010-2011)**

FIFTEENTH LOK SABHA

**MINISTRY OF NEW AND
RENEWABLE ENERGY**

*[Action Taken on the recommendations contained in the Eleventh Report
(15th Lok Sabha) on “Renewable Energy for Rural Applications”]*

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2011/Sravana, 1933 (Saka)

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MINISTRY OF NEW AND RENEWABLE
ENERGY

*[Action Taken on the recommendations contained in the Eleventh Report
(15th Lok Sabha) on “Renewable Energy for Rural Applications”]*

*Presented to Lok Sabha on 17th August, 2011
Laid in Rajya Sabha on 17th August, 2011*



LOK SABHA SECRETARIAT
NEW DELHI

August, 2011/Sravana, 1933 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON ENERGY
(2010-2011)

Shri Mulayam Singh Yadav—*Chairman*

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17. Dr. K.S. Rao[#]
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19. Shri Radha Mohan Singh
20. Shri Vijay Inder Singla
21. Shri E.G. Sugavanam

[@] Ceased to be member of the Committee *w.e.f.* 12th July, 2011.

^{*}Nominated *w.e.f.* 18th October, 2010 *vice* Shri Arjun Munda.

^{**}Nominated *w.e.f.* 27th September, 2010 *vice* Shri Subhash Bapurao Wankhede.

[#]Ceased to be member of the Committee *w.e.f.* 28th January, 2011.

Rajya Sabha

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23. Shri V.P. Singh Badnore
24. Shrimati Shobhana Bhartia***
25. Shri Shyamal Chakraborty
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2. Smt. Abha Singh Yaduvanshi — *Director*
3. Shri N.K. Pandey — *Additional Director*
4. Shri Rajesh Ranjan — *Deputy Secretary*
5. Smt. L. Nemjalhing Haokip — *Committee Officer*

***Nominated *w.e.f.* 21st September, 2010.

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this 17th Report on the action taken by the Government on the recommendations contained in 11th Report of the Standing Committee on Energy (15th Lok Sabha) on “Renewable Energy for Rural Applications”.

2. The 11th Report was presented to the Lok Sabha on 21st August 2010 and laid in Rajya Sabha on the same day. Replies of the Government to all the recommendations contained in the Report were received on 6th December, 2010.

3. The Report was considered and adopted by the Committee at their sitting held on 19th May, 2011.

4. An Analysis on the Action Taken by the Government on the recommendations contained in the 11th Report of the Committee is given at *Appendix-II*.

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

NEW DELHI;
25 July, 2011

3 Sravana, 1933 (*Saka*)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on Energy.

CHAPTER I

REPORT

This Report of the Standing Committee on Energy deals with the action taken by the Government on the Observations/Recommendations contained in their Eleventh Report (Fifteenth Lok Sabha) on 'Renewable Energy for Rural Applications'.

2. The Eleventh Report was presented to Lok Sabha on 21st August, 2010 and was laid on the Table of Rajya Sabha on the same day. The Report contained 09 Observations/Recommendations.

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

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

Serial Nos. 1, 2, 5, 7, 8 and 9

Total-06
Chapter-II

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

Nil

Total-00
Chapter-III

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

Serial Nos. 3, 4 and 6

Total-03
Chapter-IV

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

Nil

Total-00
Chapter-V

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

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

A. REMOTE VILLAGE ELECTRIFICATION PROGRAMME (RVEP)

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

6. The Committee in their 11th Report had pointed out the low achievement during the first three years of the 11th plan under RVE Programme, where only 1280, 325 and 700 villages and hamlets were electrified in 2007-08, 2008-09 and 2009-10 (upto 31st October, 2009) against the targets of 2000, 1500 and 1500 villages respectively during these three years. The Committee were not satisfied with the pace of implementation and had raised doubts over the accomplishment of the piled up unattained targets in the remaining period of the 11th Five Year Plan. Also the Committee were not convinced with the constraints put forward by the Ministry in implementation of the RVE Programme and had observed that RVEP being an exclusive MNRE Programme funded by their budget, the administrative Ministry is duty bound to ensure that the issues are addressed from all angles in coordination with all concerned in order to meet the set targets in a time bound manner. While the Committee acknowledged the existence of a high level Coordination Committee at Central level under the Chairmanship of Secretary, MNRE had recommended establishment of local Committees at State levels or regional levels well versed with the local problems and their solutions to ensure hassle-free implementation of schemes at ground level.

7. In their Action Taken Reply, the Ministry of New and Renewable Energy have stated:—

“In so far as the observation of the Committee with regard to achievement of target in RVE is concerned, it is clarified that in the 11th Plan, 4400 Villages & Hamlets have been sanctioned. In addition 2824 Villages & Hamlets, which were sanctioned earlier, excluding 252 Villages & Hamlets which were dropped, are ongoing. Thus all together in 11th Plan 7224 Villages & Hamlets are sanctioned/ongoing as on 31st October, 2010. Out of these 7224 Villages & Hamlets, 220 Villages & Hamlets have been dropped due to various reasons, 2918 Villages & Hamlets have been completed, and the remaining are on-going and would be completed with in the plan period.

The Ministry had earlier stated that the number of villages to be covered is entirely dependent upon decisions of the State Government for the villages to be covered under RGGVY or under RVE. Therefore, these are not routine matters where the Ministry could take a decision. Some examples would make this clearer. In December 2009, in principle approval was given to Jharkhand for 257 villages. The State Government was to give a certificate from REC that they are not covered under RGGVY as well as submit the project proposals as required based on field survey. However, REC has finally cleared only 81 villages and the final DPR's have only recently come. In case of Orissa initial list identified for coverage under the Programme was 1352, however after numerous meetings and discussions with the State Government in principal approval was given for 1091 villages. Now REC certification is coming for only 965 villages. Therefore, the number of villages, which can actually be sanctioned, is dependent entirely upon the State Government. Once sanctioned, the implementation is also dependent entirely upon the State Government. The Ministry is making all possible efforts to persuade the State Government that all the villages which are not coming under RGGVY should be proposed under this scheme and also that implementation be done quickly. Many meetings have been held including those chaired by the Secretary in the concerned States as well as repeated reviews in the Ministry where the State Governments and REC have been invited. The

Coordination Committee meetings itself have been held 6 times during the last year.

As regards the observation of the committee for State and local level coordination, it is clarified that all the States have a mechanism in place which enables them to coordinate with the multiple stake holders but in keeping with the recommendations of the Committee the Ministry is also advising the State to strengthen the coordination mechanism so as to make the implementation of the RVE more effective. There are already village level committees which are trained to take care of the day-to-day challenges that may arise after the implementation of the programme. The villages where the villagers are taking active interest are the ones where RVE is successful. The success of community based programme like RVE depend on the active interest of the beneficiary and participation and support of all stake holders.”

8. The MNRE in their action taken reply have clarified that in the 11th plan, 4400 villages and hamlets have been sanctioned including 2824 villages and hamlets sanctioned earlier, a total of 7224 villages and hamlets have been sanctioned/ongoing in 11th plan as on 31st October, 2010. The MNRE have further stated that out of these 7224 villages and hamlets, 220 have been dropped due to various reasons, 2918 have been completed and the remaining are ongoing and would be completed within the Plan period. With the information made available by the Ministry, the Committee find that more than 4000 villages and hamlets are yet to be completed in the remaining time period of about one year of the current Plan period which forms about 56 percent of the total 7224 villages and hamlets being undertaken for electrification in the 11th Plan under RVEP. The Committee do understand that the projects in the remaining villages and hamlets may be in various stages of implementation and some of them might be on the verge of completion too. Nevertheless, in the absence of any concrete plan of action on the part of the Ministry, it is difficult for the Committee to believe the claim of the Ministry to accomplish the gigantic task in such a limited time available with them. Further, the Committee hope that the problems enumerated by the MNRE relating to finalization of villages and hamlets to be covered

under the RVEP are already over for the current Plan period and the Ministry must be focusing on completing the already sanctioned as well as ongoing projects as early as possible. The Committee also take note of the efforts made by the Ministry in terms of holding meetings in the concerned States and organizing meetings of the Central Coordination Committee time and again. After analyzing the whole related facts, the Committee recommend that the administrative and functional bottlenecks in smooth implementation of the programme may be tackled State-wise and a practical and pragmatic solution be worked out in coordination with all concerned in order to meet the set targets in a time bound manner.

The Committee had also recommended that apart from the high level Coordination Committee at Central level, local Committees at State levels or regional levels well versed with the local problems and their solutions be established to ensure hassle-free implementation of schemes at ground level. The Ministry in their action taken reply have stated that all the States have a mechanism in place which enables them to coordinate with the multiple stake holders and also there are already village level committees which are trained to take care of the day-to-day challenges that may arise after the implementation of the programme. In view of the recommendation of the Committee, the Ministry have informed that they are advising the States to strengthen the coordination mechanism so as to make the implementation of the RVE more effective. The Committee feel that the Ministry have not taken their recommendation in its right perspective. In fact the idea behind the Committee's suggestion to set up State level and regional level Committees was to establish effective link between the Centre and the States and for that matter between the Centre and the regional machinery for better coordination so that the pending issues, if any, could be addressed with much promptness and in more practical manner. The Ministry have rightly pointed out that the success of community based programmes like RVE depends on the active interest of the beneficiary and participation and support of all stakeholders. At the same time it is the responsibility of MNRE (being the nodal Ministry) to create requisite awareness and suitable environment in

favour of RVE Programme so that the active interest and participation of the beneficiaries in general and all the stakeholders in particular may be encouraged. Apart from the executive and monitoring wings of the MNRE, the media wing can also play a big role in making the programme popular at local level. The Committee emphasize that the Ministry should aggressively advertise/create awareness among the target beneficiary groups/stakeholders with immediate effect as also expedite completion of the projects in remaining villages and hamlets so that the targets are achieved for the 11th Plan Period. The Committee would like to be kept abreast of the steps being taken by the Ministry and the progress made thereafter.

B. VILLAGE ENERGY SECURITY TEST PROJECTS (VESP)

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

9. The Committee were informed that the Village Energy Security Test Projects (VESP) was started during 10th Five Year Plan to meet the total energy requirements of cooking, lighting and motive power of remote villages, through locally available renewable energy resources, particularly biomass, with active community participation. The Committee were surprised to find that out of the initial proposal to cover 1000 villages with a total outlay of Rs. 225 crores during 11th Plan as on 30th June, 2009, only 17 villages could be covered with financial expenditure of Rs. 6.99 crore under the projects. The Committee were not convinced with the reasons advanced by the Ministry with their poor performance on both physical and financial fronts. While recognizing the fact that the conditions and resource availability vary from area to area particularly in remote villages, the Committee had suggested the Ministry to work out concrete and comprehensive plan of action in advance in coordination with the local Government, implementing agencies and local panchayats area-wise in a proactive manner and strive to convert the objective and spirit behind the well thought out scheme of the Government into reality. The Committee were also not happy with the Ministry's decision to concentrate only on the projects already taken up for implementation and to take up new villages only under the RVE Programme. The Committee had therefore, recommended the Ministry to critically review their own performance, identify the shortcomings project-wise, work out

action plan for rest of the projects accordingly with well coordinated and practical approach, keep strict vigil on the progress so as to accomplish the remaining targets in a time bound manner.

10. The Ministry in their Action Taken Reply have informed as under:—

“The observation of the Committee has been noted.

The VESP project was designed as a community based project for electrification based on biomass. These were pilot project which were initially taken up and it was felt that if the pilot projects and the mode of implementation thereof succeed only then would the upscaling be taken up. The Ministry was aware that these projects required immense amount of mobilization at the local level and only those remote villages where mobilization and interest of the community for running this project was of the nature that was needed for running these projects successfully, were able to succeed. Since the nature of the VESP scheme was proposed as a test case, only 109 test projects were sanctioned.

The performance of the test projects under implementation is reviewed by the Ministry through inspection visits to the test projects and review meeting with concerned implementing agencies from time to time. Keeping in view, the cancellation of 30 test projects of our 109 test projects sanctioned so far, due to electrification of villages through grid and non-availability of sustainable biomass resources, it has been considered necessary to complete the ongoing 58 test projects in eight States, namely, Assam, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu and West Bengal during the remaining Plan period. In view of the fact that the implementation of the projects has been a challenge, the Ministry held a two day workshop to review the projects and learn lessons from their implementation, and further sanction and implementation of these projects is not being considered. However, based on the learning from VESP, the scheme for implementing decentralized Biomass based rural electrification projects has been revised and has been made more practical to enable entrepreneurs to take up rural electrification using gasifier/combustion based technology option.”

11. The Committee observe that the Village Energy Security Test Projects (VESP) aim at meeting the total energy requirement such as cooking, lighting and motive power of the remote villages and hamlets, through locally available renewable energy resources, particularly bio-mass in an efficient, reliable and cost-effective manner. It is evident that the VES Test Projects go beyond electrification and with full participation of the local communities, including women; these projects create avenues for local employment, thus improving the quality of life and leading to overall sustainable development. In view of the importance of these Test Projects, the Committee in their 11th Report had asked the Ministry to work in tandem with the State Governments, implementing agencies and local bodies in a proactive manner and to strive to convert the objective and spirit behind the well thought out scheme of the Government into reality in order to lit the life of the most needy people. But the Committee were disappointed to note that the initial proposal to cover 1000 villages under VESP with total outlay of Rs. 225 crore during 11th Plan was reduced to 200 Test Projects. The Committee were further dismayed to note that the Ministry had made a very dismal achievement of 17 villages with a total expenditure of Rs. 6.99 crore upto 30th June, 2009. In their action taken reply the Ministry have informed that only 109 test projects were sanctioned as the nature of the VESP scheme was proposed as a test case. The Ministry have further informed that out of 109 test projects sanctioned so far, 30 test projects have been cancelled due to electrification of village through grid and non-availability of sustainable bio-mass resources and it has therefore been considered necessary to complete the ongoing 58 Test Projects in eight States, namely, Assam, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu and West Bengal during the remaining Plan Period. The Committee consider the decision of the Government to curtail the VES Test Projects to nominal figures of 58 during the current plan as unfortunate and apprehend that the targeted beneficiaries who were the most needy people residing in the remotest areas and difficult terrain would suffer the most with this decision of the Government. The Government itself had conceived these Test Projects for very remote villages and hamlets where electrification through conventional

methods were very unlikely. There are many villages and hamlets in the country where grid connectivity and conventional electrification is like a dream. Through proper assessment and ground work at the initial stage itself besides firm implementation, the Government would not have gone for cancellation of Test Projects due to conventional electrification and for that matter due to non-availability of sustainable bio-mass resources. The Ministry itself in their reply have admitted that based on the learning from VESP, the scheme for implementing decentralized bio-mass based rural electrification projects has been revised and has been made more practical to enable entrepreneurs to take up rural electrification using gasifier/combustion based technology option. The Committee would appreciate if the upgraded technology is used to serve the objective of the VESP and to fulfill the unfinished work of the Test Projects so that the energy requirements of the needy people may be fulfilled in an environment friendly manner. Further, the Government should coordinate with local implementation authorities and create awareness among the locals for the benefits that would accrue such as electrification of their villages, employment generation and general development etc. In view of the foregoing, the Committee recommend that the Ministry may identify their shortcomings based on their experience in implementation of VESP, work out action plan for future course of action and proceed to well coordinated implementation with strict vigil on the progress so as to accomplish the remaining targets in a time bound manner.

C. SOLAR PHOTOVOLTAIC SYSTEMS

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

12. The Committee were concerned about the operation and maintenance of the installed SPV systems mainly on the replacement of batteries after 4-5 years of its installation which incidentally happens to be the closing period of the maintenance contract. The Committee found that the beneficiaries who are common rural people are not even aware of the general technical know-how of the SPV installation and even if they are willing to do so, find it difficult to get the genuine batteries and other parts and proper service at reasonable rates. The Committee were of the opinion

that if the installations are not made use for want of proper and timely maintenance, the investment made in this regard would go in vain. In order to ensure that the efforts and money invested by the Ministry may serve the purpose and optimum utilization of the SPV installations is made by the beneficiaries, the Committee had recommended the Ministry to ensure the availability of services of the same company for maintenance who can provide best available quality of batteries and proper service at subsidized rates. The Committee had suggested to seek the help and cooperation of Panchayats, Self Help Groups and NGO's in running the systems.

13. The Ministry, in their Action Taken Reply informed as under:

“The Ministry recognizes the importance of timely maintenance support for the projects. Therefore, in the guidelines for off-grid solar applications, apart from the State nodal agencies, additional channels of supply and after sales service have been allowed. The regional rural banks have been involved in supporting solar lights in rural areas through a combination of subsidy and/or loan. The suppliers of the solar lights are required to initially open a supply and service center at least at the district level to provide after sales service and spares. Without a supply and after sales service network regional rural banks do not sanction loans for projects prepared by that supplier. The systems integrators are also allowed to directly supply and maintain solar systems. The Ministry has also issued performance specifications/ standards to facilitate availability of quality products and components. Ministry is also organizing training programme. These measures are expected to facilitate better upkeep of the systems in the field.

As suggested by the Committee, the Ministry has already involved reputed NGOs such as the Energy Resources Institute, New Delhi and Social Works and Research Centre, Tilonia in the implementation of off-grid and decentralized SPV systems programme. The Ministry has also sanctioned a project to a public sector undertaking in Rajasthan for installation of stand-alone SPV power plants on Panchayat Buildings.”

14. While acknowledging and appreciating the initiatives taken by the Ministry and arrangements made available with regard to upkeep and maintenance of the SPV installations across the country,

the Committee are still concerned about the reliability and availability of the service providers in times of need. The Committee are well aware of the difficulties being faced by the local people especially in remote areas. They stress upon the Ministry to ensure assured the quality of the SPV installations (especially of the batteries being used, that is, it should be functional and durable) supported by the efficiency and effectiveness of the suppliers and service providers for prompt and adequate maintenance and support service. Further, the Committee would like to emphasize that with the launching of Jawaharlal Nehru National Solar Mission, more SPV systems are likely to be installed in the country with consequent rise in demand of the services of operation and maintenance in a larger scale. In the absence of proper and timely maintenance of the systems, all the efforts and investment made under the ambitious solar mission would go in vain after few years of its installation. The Committee, therefore, urge that though significant steps have been taken by the Ministry to ensure timely and genuine maintenance support/after sales service network/availability of quality products and component, yet a constant monitoring of these provisions is equally important. They would appreciate if effective monitoring system is put in place at the earliest and the Committee apprised of the same.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Serial No. 1)

The Committee note that the Ministry of New and Renewable Energy had proposed a plan outlay of Rs. 2,500 crore for its different rural energy systems/programmes for the 11th Five Year Plan. 9,000 villages with an outlay of Rs. 650 crore were to be electrified under Remote Village Electrification (RVE) Programme, 1,000 Villages with an outlay of Rs.225 crore under Village Energy Security (VES) Projects, 10,000 villages (both RVE and VESP) for cooking/motive power (non-electrical RE systems) with an estimate of Rs. 900 crore, 2 mln cum. under bio-gas plants for cooking applications with an outlay of Rs. 250 crore, 1 million square metre collector area with an estimate of Rs. 150 crore under the scheme Flat Plate Collectors for Hot Water, Rs. 250 crore were earmarked under the scheme Decentralized SPV systems/devices without any physical targets. Rs. 50 crore were proposed for solar cookers/driers and 25 crore for concentrating solar cookers. However, an amount of Rs. 1000 crore was approved as budget outlay for the 11th Plan period without allocating the amount head-wise to different programmes. As many as 4 programmes out of 8 were neither allocated any fund nor any targets were fixed with regard to their implementation. As far as the achievement of target (both physical and financial) during the first three years of the 11th Plan is concerned, a lot need to be done as only 2378 villages from out of the target of 5000 could be electrified under RVE till 31st January, 2010 with an expenditure of Rs. 272.50 crore. Similarly, the target under bio-gas was fixed to 3.78 lakh plants for the first three years of the 11th Plan out of which only 2.54 lakh plants could be completed with an expenditure of Rs. 171.51 crore against BE of Rs. 162 crore. No target has been fixed under Decentralized SPV system

and 1.46 MWp could be achieved by spending Rs. 147.80 crore. The Committee's examination has revealed glaring disparity between the target set and achieved under different programmes being run by the Ministry. The sidelining of four important programmes by not initiating any action regarding their implementation itself speaks about the poor and improper planning and mixing up of the priority areas. Rural electrification and its associated benefits should be the priority consideration of the Government. With a view to facilitate rural electrification expeditiously without being dependent on regular known sources of energy, non-conventional and renewable sources have been identified to meet the situation. Therefore, the Committee recommend that a careful, practicable and implementable strategy ensuring maximum utilization of these sources should be devised to achieve the target within the stipulated budgetary outlays.

Reply of the Government

The comments of the Committee have been noted. The Committee in its observation has mentioned that there were 4 programmes out of 8 that were neither allocated any fund nor targets fixed with regard to their implementation. In this matter it is clarified that after the zero based budgeting exercise was conducted by the Planning Commission it was decided that MNRE would be allocated plan funds under 5 large umbrella programmes viz. Grid interactive and distributed Renewable Power; Renewable Energy for rural applications; Renewable Energy for Urban, Industrial and Commercial Applications (UICA); Research, Design and Development in Renewable Energy and Supporting programme since 2007-08. In line with the above, the Ministry worked with the Ministry of Finance to re-align the budget lines accordingly. Hence, though in the budget it seems that there is no budgetary allocation for 4 programmes, this is so because those have been merged with the following budget heads:

“In the umbrella programme of Renewable Energy for rural applications, the Schemes of Bio-gas, RVE, VESP and common component for cooking/motive power have been allocated a overall budget. The schemes of flat plate collector for hot water, solar cooker/driers and

concentrating solar cookers have been allocated budget under the umbrella programme of UICA and the decentralized SPV system/ devices schemes has been provided budget under Grid interactive and distributed renewable power. Thus all the existing schemes of the 11th Plan have been now allocated budget as per the re-aligned programmes approved by the Planning Commission. No Programme has been sidelined.

In so far as the observation of the Committee that in the first three years of the Plan only 2378 villages from out of the target of 5000 could be electrified under RVE till 31st January, 2010, the present status has been explained in reply to paras 2.3 & 2.4. As clarified there in, 2981 villages/hamlets have been completed as on 31.10.2010 and work is ongoing in remaining villages/hamlets and would be completed within the plan period.

It is further clarified that this is an ongoing process and the progress of the scheme is dependent on the States for sending their proposal. The Ministry has been actively pursuing with States to send their proposals and regular review of the scheme is done at the highest level.

In so far as the observation of the Committee in decentralized SPV system is concerned, it is clarified that by March, 2010, the physical achievement under this scheme was 24.33MW and against a total BE of Rs. 218.25 crore for the years 2007-10, an expenditure of Rs. 207.43 crore was incurred. However, now with the launching of the Jawahar Lal Nehru National Solar Mission, an ambitious target for solar off-grid applications (PV and thermal) has been set at 200 MW till March, 2013. The guidelines for project preparation and approval have already been notified and the Ministry is obtaining proposals in project mode. It is expected that the Ministry would be in a position to meet the target of sanctioning 32 MW in the current year under the Mission, as several projects of 30.6 MW have already been sanctioned.

The observation of the Committee that rural electrification projects should be given priority has been noted with full seriousness and sincere efforts are being made to sanction projects for rural electrification and lighting under the National Solar Mission.”

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

(Recommendation Serial No. 2)

The Committee note that the achievement of targets is far from satisfactory in all programmes being run by the Ministry under RVE. Even 50% of the villages earmarked under the target for first three years have not been electrified and budget allocation of about 90% have been eaten up. Under biogas, only 2.54 lakh have been established against the target of 3.78 lakh plants while the expenditure on the same has overshoot of the budgetary estimate. This is nothing but ill conceived planning, poor implementation, lack of coordination and will to implement the programme and achieve the target. Despite this, there has been an increase of 45% in the budgetary allocation of the Ministry for the rural renewable energy programmes during the Mid-Term Appraisal. This itself speaks about the importance being attached to the Rural Electricity Programmes by the Government. However, extreme incoherence prevails in overall expenditure under various programmes being implemented, targets set and achieved under each of the programmes and direction with regard to efforts for attainment of the targets. With this attitude, it will be practically impossible to do something meaningful within the stipulated timeframe. The Committee, therefore, strongly recommend that while acknowledging the importance of the programme, a meticulous planning fixing *inter-se* priority of the various programmes should be done to make the programmes economically viable and practically implementable. Budgetary estimates should also be assessed in such a fashion to avoid the unnecessary locking of precious finances. Thereafter, focused efforts should be made to achieve the targets fixed under each of the programme/ schemes of this arena to make the life better for the citizens living in countryside.

Reply of the Government

2.3 In so far as the observation of the Committee with regard to achievement of target in RVE is concerned, it is clarified that in the 11th Plan, 4400 Villages & Hamlets have been sanctioned. In addition 2824 Villages & Hamlets, which were sanctioned earlier, excluding 252 Villages & Hamlets which were dropped, are ongoing. Thus all together in 11th Plan 7224 Villages & Hamlets are sanctioned/ongoing as on 31st October, 2010. Out of these 7224 Villages & Hamlets, 220 Villages & Hamlets have been dropped due to various reasons, 2918 Villages & Hamlets have been completed, and the remaining are on-going and would be completed with in the plan period. The Ministry has been urging the States to complete the ongoing projects as early as possible. Further the projects sanctioned in a financial year may not be completed in the same year as the process involves containing state matching share, tendering, procurement and installation. Since the Ministry releases 70% of the CFA along with the sanction, it may happen that more funds are spent in a particular year although the completion figures do not correspond. Similarly, in another year, more projects, which were taken up in the previous year, may be completed although they would require only 30% funds. It is further clarified that this is an ongoing process and the progress of the scheme is dependent on the States for sending their proposal. The Ministry has been actively pursuing with States to send their proposals and regular review of the schemes is done at the highest level

During the first 3 years of the 11th Plan 3.17 lakh No. of family type biogas plants were installed against a target of 3.78 lakh. Thus, the achievement of target in bio-gas programme has been little lower. One of the reasons was that CFA had not been revised for the last 5 years. The Ministry then took requisite steps to get a new scheme for Biogas approved by the competent authority which has made the CFA more attractive and the scheme more practical. It is hoped that the impact of the revision will be seen in the current and next financial year. It will be the effort of the Ministry to try reach the revised MTA target of 6.47 lakh plants by the end of the XIth plan. Both these programmes are also

fully dependent upon the action taken by the States. The Ministry is taking all action on its part and there is no lack of will or efforts as far as Ministry is concerned. The expenditure of biogas programme during first three years of the 11th Plan is about 12% higher than the BE outlay. This much variation is normal and is due to settlement of accounts for earlier years also. There is no incoherence in overall expenditure. The funds for biogas programme are released on the basis of receipt of Utilization Certificate (UCs) of previous years. The UCs for 2008-09 and 2009-10 have been received from most of the States and first installment for the current year has been released. The Ministry is closely pursuing with a few States who have not submitted UCs and settled their accounts. There is thus no locking of precious finances.

The observation of the Committee that due importance should be given to the programme of Renewable Energy applications for rural areas is noted with seriousness and sincere efforts are being made to provide the necessary focus to this area during the remaining period of the Plan.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

(Recommendation Serial No. 5)

Solar Photovoltaic (SPV) Technology is used to convert sunlight into electricity. As abundant solar radiation is available in the entire country, the Committee take it as the most useful and futuristic technology and thus reducing our dependence on fossil fuel and encouraging the use of renewable energy. Launching the new solar mission by the Government shows that the Government is not only aware of the importance and usefulness of the SPV technology in India but also has taken the bold and much needed initiative to convert an ambitious target of 20,000 MW grid solar power, 2000 MW off-grid capacity including 20 million solar lighting systems by 2022 into reality. The Committee trust that the Government must have analysed the daunting task ahead in implementation of solar energy projects and accomplishing the ambitious targets and are geared up to work with requisite force, zeal, meticulous planning and tight monitoring.

The Committee find that the performance of the Government so far with regard to SPV programmes has not been encouraging both in setting the targets and making efforts in achieving the same. During the 11th Five Year Plan itself, BE/RE was Rs. 52.50/60.75 crore and actual expenditure was Rs. 55.35 crore in 2007-08. While in the year 2008-09, it was Rs. 87.25/67.35 crore and actual expenditure was Rs. 62.45 crore. The target during the year 2007-08 was 4.21 MWp and 2008-09 4.4 MWp while the achievement was 3.56 MWp and 2.59 MWp respectively for these two years under various SPV Systems. This itself speaks volumes about the performance and planning of the Ministry. Above all, the Committee are surprised to note that the Ministry have not fixed any system-wise physical targets during 2009-10 showing project mode of implementation and have spent a poor sum of Rs. 7 crore during the first quarter of 2009-10 against the BE of Rs. 98 crore for the year. Also the Committee do not find any notable performance in sanctions as well as actual implementation of different solar energy programmes like solar home lighting systems, street lighting systems, solar lanterns and stand alone solar power plants in various States and observe that a lot of work has to be done in many States like in Uttar Pradesh where only 450 street lighting systems have been installed whereas the sanctioned number was as many as 2,361 in 2009-10. Another disquieting feature about this project is that the aggregate SPV capacity under off-grid systems and power plants installed during 2009-10 is reported to be about 3.06 MW while those sanctioned during the year is about 6.50 MWp. Against this backdrop, the Committee recommend that the Ministry fix targets even in project mode and start a special drive to complete the backlogs and also to take up new projects for speedy implementation in time-bound manner with special attention to rural SPV programmes where the people are more needy as compared to their urban counterparts.

Reply of the Government

The Government of India has launched Jawaharlal Nehru National Solar Mission (JNNSM) in January, 2010, with a target by 2022 AD of 20,000 MW grid solar power based on solar thermal power generating systems and

solar photovoltaic (SPV) technologies, 2000 MW of off-grid capacity including 20 million solar lighting systems and 20 million sq.m. solar thermal collector area. Government has also approved the implementation of the first phase of the Mission (up to 2013) and the target to set up 1,100 MW grid connected solar plants including 100 MW of roof top and small solar plants and 200 MW capacity equivalent off-grid solar applications and 7 million sq.m. solar thermal collector area in the first phase of the Mission, till 2012-13.

In view of the rapid scale up envisaged in the Mission, in the first phase of the Mission, consolidation of the on-going efforts on harnessing the solar energy applications like water heaters and solar lights and promoting other off-grid systems to reach the energy deficient areas, reduce diesel and kerosene consumption etc. are thrust areas.

The guidelines for supporting off-grid projects were released on 16th June, 2010. The guidelines provide for 30% capital subsidy and/or loan at 5% annual interest rate. In addition to the Government agencies, Banks, system integrators and renewable energy companies have also been allowed to implement the projects. Regional Rural Banks will be supported through refinancing. The private sector projects will be funded on reimbursement basis. Consequent to approval of the Mission, the requirement of funds for the off-grid solar projects was also reviewed. Based on the likely releases to the implementing agencies, the requirement of funds during 2010-11 was estimated as Rs. 250 crores. An amount of Rs. 172 crores has been spent so far. However, this requirement is likely to increase in 2011-12. For the current financial year the target was accordingly set as 32 MW. Projects of about 31 MW have been sanctioned by mid November, 2010. About 12 months time period is given for completion of projects, therefore, the capacity of projects sanctioned in an year will be in excess of projects completed during the year. In the previous year also for this reason the actual installed capacity reported is lower than the capacity of projects sanctioned by the Ministry. Ministry is regularly organizing meetings with the State agencies, banks and the manufacturers to ensure timely completion of the projects.

It may be seen that during 2009-10 the performance under the solar PV programme improved over the previous years. A total of 1,03,058 Solar Lanterns, 92,478 Solar Home Lighting Systems; 40,017 Street Lights; 113 Solar Water Pumping Systems; and- 617.11 kWp capacity of stand alone SPV power plants and 8.15 MWp capacity of Grid connected SPV Plants, with aggregate capacity of 16.39 MWp were installed during the year. In U.P. against the sanctioned number of 2361 street lighting in 2009-10, 1978 nos. have been installed upto 31.10.2010. During the year the actual expenditure was Rs. 89.63 crores.

Grid connected solar power generation is a new application in the country and so far a limited capacity has been set up, therefore, the annual targets and the requirement of funds have been set to gradually achieve 1,100 MW capacity by March, 2013. The first batch of grid solar power projects of about 200 MW capacity is to be allocated during 2010-11. The guidelines for the selection of projects have been announced during June/July, 2010. The photovoltaic grid power projects take about 12 months time for completion and the solar thermal projects are allowed time up to 28 months. Therefore, the requirement of funds has also been reviewed and accordingly kept as Rs. 30 crores for 2010-11. The following is the status of allocation of the grid connected projects

- (i) 84 MW capacity (connected to 33 KV and above grid) grid connected solar power projects have been allocated by the NTPC Vidyut Vyapar Nigam (NVVN).
- (ii) Projects to set up another 100 MW capacity (connected to grid below 33 KV and of 100 kW to 2 MW size) have been short listed by IREDA.
- (iii) Projects to set up another 36 MW capacity are also under implementation.

A total of 220 MW capacity grid connected solar power projects are allocated so far. In addition, the NVVN has issued request for selection of projects of another 620 MW capacity in August, 2010. The NVVN has received

bids offering discount on the tariff announced by CERC. The final selection of projects will take place in December 2010, after verification of documents of the bidders.

An amount of Rs. 6.5 crores has been spent by October, 2010 and the balance is expected to be released in coming months. Eight projects of about 15 MW capacity have been installed during the last one year, which is a satisfactory beginning, considering that small capacity projects of about 2.1 MW were installed in the country before that.

Therefore, the Ministry will be in a position to fully achieve the targets for grid power projects as well as the off-grid solar projects of the first phase of the Mission.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

(Recommendation Serial No.7)

The Committee note that solar cooker and solar dryers are one of the important appliances of solar thermal energy in rural areas. The Committee find that small capacity solar dryers are used for drying of food products in rural areas and are being promoted through NGOs, Women Self Help Groups etc. The Committee feel that applications of solar cooker in the rural areas will improve the health condition of the villagers and that of solar dryers will generate employment opportunities ultimately improving the economic activities at village level. The solar cooking should also be promoted in group activities in rural areas like schools for mid-day meals and at anganwaries, etc. The Committee while appreciating the initiatives of the Ministry for providing financial assistance to the manufacturers and users, recommend that the systems should be made available to the rural users at affordable price. Further, the Committee desire that demonstration and promotional programmes of the systems should be increased in the rural areas.

Reply of the Government

As per the recommendation of the Standing Committee, the use of solar cooking in group activities in rural areas like schools for mid-day meals and

at anganwadies, wherever possible is being promoted by the Ministry by providing financial assistance. Solar cooking is also being promoted in residential schools including those in tribal areas by providing solar steam cooking systems as well as direct focusing community solar systems. Over 50 such schools have been reported to have using such systems for cooking food for around 20,000 students in rural/tribal areas.

Under the Jawaharlal Nehru National Solar Mission, a provision of financial assistance to the individual users has also been made on the purchase of solar cookers so as to make it available to the users in the country including the rural users at affordable price. Provision of financial assistance for solar air heaters including dryers has also been made. Solar air heating systems/dryers have been found to be useful in food processing units for drying of various food products. These units generally require hot air at low temperature (50-80°C) as process heat for drying of products such as tea leaves/coffee beans, and also for processing of fruits, spices, cereals, mushroom, papad, vegetables, fish, seafood etc. which is being generated using fire wood, electricity or fuel oil. Solar air heating systems installed in these units have been saving a significant amount of fossil fuel, apart from improving the quality of food product and reducing GHG emissions. Over 60 such systems of different capacities comprising of 12,000 sq.m. of collector area are functioning in the country.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

(Recommendation Serial No. 8)

The Committee note that under the biogas programme, the Ministry aim at the deployment of family type biogas plants of average 2 cum per day capacity for biogas generation from cattle manure as major feedstock, mainly for cooking application in rural areas. The Committee find that against the vast estimated potential of 1,23,39,300 family type biogas plants, the cumulative achievement as on March, 2009 is 41,33,710 which is merely 33.5 per cent. This implies that a lot of work is yet

to be done in this important area of renewable energy for rural application. Further analysis of data reveals that the plants so far installed in some of the States viz. Assam, Bihar, Haryana, Jammu and Kashmir, Madhya Pradesh, Manipur, Meghalaya, Punjab, Rajasthan, Tripura and Uttar Pradesh are comparatively low *vis-à-vis* their available potential for such installations. The Committee are surprised to note that the targets set for many of these States for the year 2009-10 are highly low. For example, targets for Bihar, Jammu & Kashmir, Manipur, Rajasthan and Uttar Pradesh are 300, 100, 50, 50 and 4000 respectively during the year 2009-10. Even the performance during the said year upto first three quarters has been 51,732 plants against the total target of 1,50,000 plants, showing that almost two-third of the target was left for fulfilment in the last quarter, which is just impossible to be achieved by the Ministry. The Committee would like to stress that besides generating electricity, biogas plants also provide high quality organic fertilizer which are essential for sustaining soil fertility. In view of the foregoing, the Committee recommend that the Ministry should re-energize themselves and take initiative to ensure utmost utilization of available opportunities particularly in high potential States so as the usage of family type biogas is encouraged in the rural areas where raw materials are abundantly available. As the cost of construction of biogas plants has been the limiting factor for its adoption, the Committee recommend that efforts should be made to rationalize the cost and promote the larger participation of NGOs, private entrepreneurs and local communities in this area.

Reply of the Government

It is a fact that only about 34.66% of the potential has been realized. It is also a fact that the performance of many large States has been much lower particularly Uttar Pradesh, Madhya Pradesh, Bihar, Haryana, etc. However, during the 11th Plan the installation of biogas plants has been increasing year after year. In the year 2009-10, 1.20 lakh numbers of biogas plants have been installed which is about 11% higher than the previous year.

Under the National Biogas and Manure Management Programme targets are allocated on the basis of past performance and recommendation or requests made by the States themselves since the implementation of the programme depends entirely on the initiative of the State Nodal Departments/State Nodal Agencies (SNDs/SNAs. Priorities in different States vary.

In order to ensure that proper initiative is taken by the SNDs/SNAs, review meetings are held at regular intervals. States are being urged to pay more attention in this area, particularly where biogas has been poor. Secretary has made field visits in the States of U.P., Bihar, Uttaranchal, Punjab and Haryana. Officers from the Ministry have made many field visits to most of the bigger States.

The target for the current year has been kept at 1.5 lakh and the implementing agencies are continuously being encouraged to exceed the target. The subsidy structure of the programme has been changed to help in achieving higher number of installation of biogas plants. The targets for the current year have been raised for 16 States including Jammu & Kashmir, Madhya Pradesh, Nagaland, Punjab, Sikkim and Uttar Pradesh.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

(Recommendation Serial No. 9)

The Committee note that as against the estimated potential of about 15000 MW for Small Hydro Projects, the capacity of the installed project is only about 2500 MW in various States. Besides projects of more than 900 MW are at various stages of implementation. As such a huge Small Hydro potential is still lying untapped in the country. Since most of the potential is in Himalayan States being river-based projects extending upto North-Eastern region, the Committee feel that the Small Hydro Power Programme is the most suited option after Solar Photovoltaic in illuminating

remote villages. The Committee are happy to note that the Ministry are encouraging both public and private participation for commercial projects and decentralized micro hydel projects for remote village electrification. The Ministry have taken a step further in granting due importance to this programme by stating that the aim of the SHP programme is to double the current growth rate and take it from 250 MW per year to 500 MW per year. At the same time, the Committee are not satisfied with the actual performance of the Ministry at the ground level achieving only 534 MW during first three years of 11th Five Year Plan against the overall target of 1400 MW. The Ministry have no other option but to accelerate the pace of implementation by evolving proper coordination mechanism with the State Governments to overcome the bottlenecks. The Committee also find that the target for the 11th Plan under SHP has been reduced to 1000 MW during Mid-Term Appraisal without reducing the financial allocation of Rs. 700 crore. Moreover, the Prime Minister has approved a special package of Rs. 550 crore to provide electricity/illumination to all the villages along the State border of Arunachal Pradesh through solar as well as small hydro power projects. Considering the available funds for installation of Small Hydro Projects, the Committee expect the Ministry to show the required will power and zeal to intensify the momentum of implementation of the pending projects by taking necessary initiative and steps to undertake new projects as well. At the same time, the Committee recommend that small hydel power projects should be given top priority by the Government to ensure that the identified potential of 15,000 MW for small hydro projects in the country could be tapped by the 12th Plan period. The Committee also recommend that identification and evaluation of new potential sites should also be undertaken in order to take the most needed benefit to the deprived masses in the remotest rural areas of the country.

Reply of the Government

The Ministry is thankful to the Committee for recognizing and acknowledging the efforts being made by the Ministry towards stepping up

growth of small hydro power by encouraging public and private sector participation and decentralized micro hydel projects for remote village electrification.

The 11th Plan target for small hydro is 1400 MW. It has not been reduced in the mid-term appraisal to 1000 MW and remains 1400 MW. The target for first three years of the 11th Plan was 750 MW against which 758.95 MW and not 534 MW, have been achieved, which is higher than the target. Year-wise target and achievements for the 11th Plan are as follows:

Period	Physical	
	Target (MW)	Achievement (MW)
11th Plan	1400	
2007-08	200	204.75
2008-09	250	248.93
2009-10	300	305.27
Total in first 3 years of 11th Plan	750	758.95
2010-11	300	114.85
		Up to 31.10.2010
2011-12	350	
11th Plan	1400	826.285

During last year and this year, the Ministry stepped up substantially its efforts towards close monitoring of the projects, interaction with potential States and private developers. A series of meetings and visits were held at the level of the Minister and Secretary, MNRE with the potential States to monitor the ongoing projects and take up new potential sites. These are ongoing. (Schedule of major meetings held are given at Annexure-I). The Ministry has been requesting the States to take steps for faster allocation of

sites, giving clearances and creating evacuation facilities. However, water being State subject, the projects are allotted by the States and all clearances are given by them. In some cases, allotment/purchase of land, forest clearance etc. takes 2 to 3 years. The Ministry has a very limited catalytic role in the exploitation of this potential by way of guiding the States, providing some subsidy to the projects to improve their economic viability and create technical support services.

It will not be possible to exploit the full available potential of 15000 MW by the end of 12th Plan, considering the long gestation period of small hydro projects and time taken by the States in allotment of sites, mandatory clearances and creating evacuation facilities etc. However, the Ministry is targeting a capacity addition of 3000 MW during the 12th Plan against the current 11th Plan target of 1400 MW. The Ministry has been taking up with the respective Power Departments to identify new potential sites and draw up an evacuation plan linked to progress of small hydro projects.

Regarding progress in the Prime Minister's special package to electricity/illumination border villages in Arunachal Pradesh, out of Rs. 550 crore. Rs. 274.42 Crore has been provided by the Planning Commission directly to the State to completing 46 small hydro power projects being implemented by Govt. of Arunachal Pradesh. A project for electrification/illumination of 1058 villages from small/micro hydel projects and solar photovoltaic systems with an estimated cost of Rs. 275.58 crore is under implementation. Already 610 villages have been illuminated by SPV systems and small/micro hydel projects. The remaining villages are targeted to be electrified by 31st December, 2011. The project is monitored by a Steering Committee under the Chairmanship of Secretary, MNRE. Four meetings of the Steering Committee have been held.

The Ministry has been implementing a scheme to support upgradation of water mills and micro hydel projects up to 100 KW capacity, which are mainly located in remote and rural areas including international border areas. Such projects are benefiting to the local people in such areas by providing illumination/electrification, micro-entrepreneur development and socio-

economic development. The Ministry has sanctioned support for 3547 water mills in 9 States. So far 1414 water mills have been set-up. The Ministry has also sanctioned 28 micro hydel projects (up to 100 KW) under the new scheme announced in February, 2009. Further, in-principle approval has been given for setting up of 53 micro hydel projects and 2000 watermill in Jammu & Kashmir.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

CHAPTER III

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

-NIL-

CHAPTER IV

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

(Recommendation Serial No. 3)

The Committee note that the Remote Village Electrification Programme (REVP) is being implemented by the Government to provide lighting/ electricity in those remote unelectrified villages and hamlets which are not going to be covered under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) by using renewable energy options like small hydro plants, biomass, solar energy, etc. The Committee have been given to understand that the decision to use a particular technology is taken by the State implementing agencies after examining the technical feasibility and resource availability. Under the scheme, the Ministry provide Central Financial Assistance (CFA) upto 90 per cent of the costs of installation of various renewable energy devices/systems. The Committee find that only 1280, 325 and 700 villages and hamlets were electrified in 2007-08, 2008-09 and 2009-10 (upto 31st October, 2009) against the targets of 2000, 1500 and 1500 villages respectively during three years. Also, the amount spent upto 30th September, 2009 was only Rs.27 crore against BE of Rs.80 crore for the year 2009-10. While acknowledging all the positive intentions and the fruitful contents of the programme, the Committee are not satisfied with the pace of implementation. The poor achievements so far during the current 11th Plan period not only form the basis of the Committee's observation but also raise doubt over the accomplishment of the piled up unattained targets in the remaining period. The main constraints put forward by the Ministry are change in plans by the State Governments for coverage of villages through grid extension, lack of provision of State financial contribution, logistic problems due to extremely remote location of the villages and hamlets, lack of adequate organizational and financial resources with the State implementing agencies and lack of coordination between the implementing agencies of

RGGVY and those of RVE. The Committee feel that the obstacles highlighted by the Ministry are neither unforeseen nor insurmountable and the implementation of the programme cannot be left to suffer on account of these routine administrative and functional bottlenecks. Since RVEP is exclusively an MNRE Programme being funded by their budget, the administrative Ministry is duty bound to ensure that the issues are addressed from all angles and a practical and pragmatic solution is worked out in coordination with all concerned in order to meet the set targets in a time bound manner. The Committee take note of the fact that the Ministry has set up a Coordination Committee under the Chairmanship of Secretary, MNRE with representation from the Ministry of Power, REC, Planning Commission and the Ministry of Panchayati Raj. This Committee will help in formulating plans, provision of budgets, and synchronization of MNRE programmes with that of Ministry of Power, but some mechanism is required to put up at local level. The Committee, therefore, recommend that apart from the high level Coordination Committee at Central level, local Committees at State levels or regional levels well versed with the local problems and their solutions should be established to ensure hassle-free implementation of schemes at ground level so that the plans/programmes of the Ministry are converted into the reality and the population living in remote and far off areas improve their living and economic conditions.

Reply of the Government

In so far as the observation of the Committee with regard to achievement of target in RVE is concerned, it is clarified that in the 11th Plan, 4400 Villages & Hamlets have been sanctioned. In addition 2824 Villages & Hamlets, which were sanctioned earlier, excluding 252 Villages & Hamlets which were dropped, are ongoing. Thus all together in 11th Plan 7224 Villages & Hamlets are sanctioned/ongoing as on 31st October, 2010. Out of these 7224 Villages & Hamlets, 220 Villages & Hamlets have been dropped due to various reasons, 2918 Villages & Hamlets have been completed, and the remaining are on-going and would be completed within the plan period.

The Ministry had earlier stated that the number of villages to be covered is entirely dependent upon decisions of the State Government for the villages

to be covered under RGGVY or under RVE. Therefore, these are not routine matters where the Ministry could take a decision. Some examples would make this clearer. In December 2009, in principle approval was given to Jharkhand for 257 villages. The State Government was to give a certificate from REC that they are not covered under RGGVY as well as submit the project proposals as required based on field survey. However, REC has finally cleared only 81 villages and the final DPR's have only recently come. In case of Orissa initial list identified for coverage under the Programme was 1352, however after numerous meetings and discussions with the State Government in principal approval was given for 1091 villages. Now REC certification is coming for only 965 villages. Therefore, the number of villages, which can actually be sanctioned, is dependent entirely upon the State Government. Once sanctioned, the implementation is also dependent entirely upon the State Government. The Ministry is making all possible efforts to persuade the State Government that all the villages which are not coming under RGGVY should be proposed under this scheme and also that implementation be done quickly. Many meetings have been held including those chaired by the Secretary in the concerned States as well as repeated reviews in the Ministry where the State Governments and REC have been invited. The Coordination Committee meetings itself have been held 6 times during the last year.

As regards the observation of the Committee for State and local level coordination, it is clarified that all the States have a mechanism in place which enables them to coordinate with the multiple stake-holders but in keeping with the recommendations of the Committee the Ministry is also advising the State to strengthen the coordination mechanism so as to make the implementation of the RVE more effective. There are already village level committees which are trained to take care of the day-to-day challenges that may arise after the implementation of the programme. The villages where the villagers are taking active interest are the ones where RVE is successful. The success of community based programme like RVE depend on the active interest of the beneficiary and participation and support of all stake-holders.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

Comments of the Committee

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

(Recommendation Serial No. 4)

The Committee note that the Village Energy Security Test Projects (VESP) was started during 10th Five Year Plan to meet the total energy requirements of cooking, lighting and motive power of remote villages, through locally available renewable energy resources, particularly biomass, with active community participation. The initial proposal under VES Projects was to cover 1000 villages with a total outlay of Rs.225 crores during 11th Plan. Subsequently, the target was reduced to 200 Test projects. The Committee are surprised to find that only test projects have been commissioned so far and as on 30th June, 2009 only 17 villages could be covered with financial expenditure of Rs.6.99 crore under the projects. With such a poor performance so far during the current plan on both physical and financial fronts, the Committee are constrained to point out that the implementation of these projects has been extremely tardy and much below the plan targets. Moreover, the reasons advanced by the Ministry for this state of affairs like the challenges being faced in identification of villages, community mobilization, managing trained personnel and local share of capital cost and in performance monitoring are superficial and not convincing. It appears that the problems enumerated by the Ministry are meant to cover up their own failure in foreseeing the difficulty in remote areas and coming up with pragmatic remedial measures. The Committee understand the conditions and resource availability vary from area to area particularly in remote villages and feel that the Ministry should have worked out concrete and comprehensive plan of action in advance in coordination with the local Government, implementing agencies and local panchayats area-wise in a proactive manner and should have strived to convert the objective and spirit behind the well thought out scheme of the Government into reality in order to lit the life of the most needy people. That this was not done is nothing but regrettable. The decision to concentrate on consolidating the projects already taken up for implementation and to take up new villages only under the RVE Programme is also a disappointing manifestation of the non performance of the Government. The Committee, therefore, recommend that the Ministry should critically review their own performance, identify the

shortcomings project-wise, work out action plan for rest of the projects accordingly with well coordinated and practical approach, keep strict vigil on the progress so as to accomplish the remaining targets in a time bound manner.

Reply of the Government

The observation of the Committee has been noted.

The VESP project was designed as a community based project for electrification based on biomass. These were pilot project which were initially taken up and it was felt that if the pilot projects and the mode of implementation thereof succeed only then would the upscaling be taken up. The Ministry was aware that these projects required immense amount of mobilization at the local level and only those remote villages where mobilization and interest of the community for running this project was of the nature that was needed for running these projects successfully, were able to succeed. Since the nature of the VESP scheme was proposed as a test case, only 109 test projects were sanctioned.

The performance of the test projects under implementation is reviewed by the Ministry through inspection visits to the test projects and review meeting with concerned implementing agencies from time to time. Keeping in view, the cancellation of 30 test projects of our 109 test projects sanctioned so far, due to electrification of villages through grid and non-availability of sustainable biomass resources, it has been considered necessary to complete the ongoing 58 test projects in eight States, namely, Assam, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu and West Bengal during the remaining Plan period. In view of the fact that the implementation of the projects has been a challenge, the Ministry held a two day workshop to review the projects and learn lessons from their implementation, and further sanction and implementation of these projects is not being considered. However, based on the learning from VESP, the scheme for implementing decentralized Biomass based rural electrification projects has been revised and has been made more practical to enable entrepreneurs to take up rural electrification using gasifier/combustion based technology option.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06-12-2010]

Comments of the Committee

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

(Recommendation Serial No. 6)

The Committee have been informed that the installed SPV systems need expenditure on operation and maintenance mainly on the replacement of batteries after 4-5 years. It has also been stated that the manufacturers/suppliers provide two years warranty and comprehensive maintenance contracts for next three years for the systems under programme. It is understood that the need for actual maintenance of the SPV installations and replacement of batteries arises after 4 to 5 years of installation of the system, which incidentally happens to be the closing period of the maintenance contract. The Committee feel that the beneficiaries, even if they are willing to maintain the system, may find it difficult to get the genuine batteries and other parts and proper service at reasonable rates. Moreover, the statement that 'it is the responsibility of the people of those areas to maintain the facility' appears to be too harsh and rigid especially to the common rural people who are not even aware of the general technical know-how of the SPV installations. The investment made by the Government goes in vain if the installations are not made use of for want of proper and timely maintenance. The Committee, therefore, recommend that the Ministry, instead of simply bothering about their target achievement statistics, should come forward with some prudent and pragmatic solution so that the efforts and money invested by them serve the purpose and there is optimum utilization of the SPV installations by the beneficiaries. One such solution is to ensure the availability of services of the same company for maintenance who can provide best available quality of batteries and proper service at subsidized rates. Also Cooperation of Panchayats, Self Help Groups and NGO's can be sought for helping in running the systems. The Committee would like to be apprised of the steps taken in this regard.

Reply of the Government

The Ministry recognizes the importance of timely maintenance support for the projects. Therefore, in the guidelines for off-grid solar applications, apart from the State nodal agencies, additional channels of supply and after

sales service have been allowed. The regional rural banks have been involved in supporting solar lights in rural areas through a combination of subsidy and/or loan. The suppliers of the solar lights are required to initially open a supply and service center at least at the district level to provide after sales service and spares. Without a supply and after sales service network regional rural banks do not sanction loans for projects prepared by that supplier. The systems integrators are also allowed to directly supply and maintain solar systems. The Ministry has also issued performance specifications/standards to facilitate availability of quality products and components. Ministry is also organising training programme. These measures are expected to facilitate better upkeep of the systems in the field.

As suggested by the Committee, the Ministry has already involved reputed NGOs such as the Energy Resources Institute, New Delhi and Social Works and Research Centre, Tilonia in the implementation of off-grid and decentralised SPV systems programme. The Ministry has also sanctioned a project to a public sector undertaking in Rajasthan for installation of stand-alone SPV power plants on Panchayat Buildings.

[Ministry of New and Renewable Energy, File No. 8/7/2010 P&C
Dated 06.12.2010]

Comments of the Committee

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

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

-NIL-

NEW DELHI;
25 July, 2011

3 Sravana, 1933 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on Energy.

APPENDIX I

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON ENERGY (2010-11) HELD ON 19TH MAY, 2011 IN ROOM NO. 'G-074' PARLIAMENT LIBRARY BUILDING, NEW DELHI

The Committee sat from 1100 hrs. to 1200 hrs.

PRESENT

Shri Motilal Vora — *In the Chair*

MEMBERS

Lok Sabha

2. Shri Ram Sundar Das
3. Shri Chandrakant B. Khaire
4. Shri Ravinder Kumar Pandey
5. Shri Nityananda Pradhan
6. Shri M.B.Rajesh
7. Shri Radha Mohan Singh
8. Shri Vijay Inder Singla
9. Shri E.G. Sugavanam

Rajya Sabha

10. Shri V.P. Singh Badnore
11. Smt. Shobhana Bhartia
12. Shri Jesudasu Seelam
13. Shri Veer Pal Singh Yadav

SECRETARIAT

1. Shri Brahm Dutt — *Joint Secretary*
2. Smt. Abha Singh Yaduvanshi — *Director*
3. Shri N.K. Pandey — *Additional Director*
4. Shri Rajesh Ranjan Kumar — *Deputy Secretary*

2. In the absence of the Chairman, the Committee chose Shri Motilal Vora, a Member of the Committee, to act as Chairman for the sitting in accordance with Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman welcomed the Members of the Committee and briefly apprised them of the Agenda for the sitting. The Committee then took up for consideration the draft Reports on:

- (i) Action Taken on the recommendations contained in the 9th Report on “Funding of Power Projects”.
- (ii) Action Taken on the recommendations contained in the 11th Report on “Renewable Energy for Rural Applications”.

4. The Committee discussed the draft Reports on both the subjects and the Action Taken Replies of the concerned Ministries in detail.

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*	*	*	*	*
*	*	*	*	*

5. Thereafter, the Committee, adopted the draft Action Taken Report on the recommendations contained in the 11th Report with some amendments. The Committee also authorised the Chairman to finalise the Report and present the same to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Introduction of Report)

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

(i)	Total number of Recommendations	09
(ii)	Observations/Recommendations which have been accepted by the Government:	
	Sl. Nos. 1, 2, 5, 7, 8 and 9	
	Total:	06
	Percentage	67%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:	
	Total:	Nil
	Percentage	00%
(iv)	Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:	
	Sl. Nos. 3, 4 and 6	
	Total:	03
	Percentage	33%
(v)	Observations/Recommendations in respect of which final replies of the Government are still awaited:	
	Total:	Nil
	Percentage	00%

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The Souvenir items with logo of Parliament are also available at Sales Counter, Reception, Parliament House, New Delhi. The Souvenir items with Parliament Museum logo are available for sale at Souvenir Shop (Tel. No. 23035323), Parliament Museum, Parliament Library Building, New Delhi. List of these items are available on the website mentioned above.”
