

GOVERNMENT OF INDIA  
MINISTRY OF POWER

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.2388**  
**ANSWERED ON 16.12.2024**

**HYDRO ELECTRIC PROJECTS**

**2388 MS. SUSHMITA DEV:**

Will the Minister of **POWER** be pleased to state:

- (a) specific criteria or benchmarks that will be used to determine viability of Hydro Electric Projects eligible for Central Financial Assistance under this scheme, the details thereof;
- (b) roles and responsibilities of the State Governments and CPSUs within the Joint Venture (JV) model, particularly in terms of project execution, management, and risk sharing;
- (c) conditions under which States are expected to waive or stagger free power and/or reimburse SGST to ensure viability of the projects, the details thereof; and
- (d) whether there is any proposal for a Hydro Electric Project in Assam especially in three districts of Barak Valley, if so, the details thereof?

**A N S W E R**

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

**(a) :** For the development of viable hydro power projects in North Eastern Region (NER) with active participation of State Governments of NER, Government of India has approved the scheme of Central Financial Assistance (CFA) to fund the equity portion of State Governments of NER, capped at 24% of the total project equity subject to a maximum of ₹750 crore per project with provision to revisit the limit of ₹750 crores on case-to-case basis. For project to be considered viable, cost of power generated from the project is to be competitive and saleable in the market. States are required to waive/stagger free power and/or reimburse SGST to make the project viable.

**(b) :** Under the CFA scheme, a single Joint Venture (JV) Company is to be formed between the State Government and the CPSU for all projects of a CPSU. The CEO as well as the Chairman of the Board of the JV Company is to be nominated by the CPSU. The Members of the Board of Directors are to be appointed based on nomination by the respective CPSUs and the State Government in proportion of their equity share holding. The Ministry of Power would appoint a Nominee Director in each JV Company.

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Being a partner in the JV Company, the State Government is expected to share the risks and responsibilities by addressing problems such as delay in land acquisition, Rehabilitation & Resettlement and local law & order issues. The responsibilities of the CPSUs are for managing key project activities viz., preparing detailed project reports, obtaining clearances, handling bidding processes, awarding contracts, overseeing engineering and quality control. Equity contributions to the JV Company are to be shared proportionately by both parties. For any cost escalation in the project, both parties will contribute additional equity proportionately. This is envisaged to bring equitable risk sharing between the State Government and the CPSU.

**(c) :** In case the cost of power generated from the project is not competitive and/or saleable in the market, States are required to waive/stagger free power and/or reimburse SGST to make the project viable.

**(d) :** As per information available in Central Electricity Authority (CEA), there is no Hydro Electric Project in the State of Assam which is under Survey & Investigation or under examination in CEA.

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