

**GOVERNMENT OF INDIA  
MINISTRY OF POWER**

**LOK SABHA  
UNSTARRED QUESTION NO.4336  
TO BE ANSWERED ON 19.03.2020**

**STEPS TO PREVENT NPAs IN POWER SECTOR**

**4336. SHRI RAJIV PRATAP RUDY:**

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

- (a) whether the Government has taken steps to prevent Non-Performing Assets (NPAs) in the Power sector and ensure completion of ongoing projects on time and if so, the details thereof;**
- (b) the details of the number of firms that have initiated insolvency proceedings in the Power sector, year-wise, in the last 10 years and the current status of these proceedings;**
- (c) the details of the risk exposure to the Power sector by various banks in the country, bank-wise; and**
- (d) details of the current quantum of NPAs/debt in the Power sector in the country, particularly in the State-owned power companies?**

**A N S W E R**

**THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, NEW & RENEWABLE ENERGY AND THE MINISTER OF STATE FOR SKILL DEVELOPMENT & ENTREPRENEURSHIP**

**( SHRI R.K. SINGH)**

**(a) to (d) : Department of Financial Services on 22.03.2017 had provided a list of 34 coal based Thermal Power Projects, mostly private, totaling to 40,130 MW which were considered 'Stressed'.**

**A High Level Empowered Committee (HLEC) was constituted by Government of India in July, 2018 which gave its recommendations in November, 2018. In the report, factors like coal supply issues, slow growth in power demand, delayed payments by Discoms, Banks/ Financial Institutions related issues, aggressive tariffs quoted by bidders in competitive bidding process, legal issues related to auctioned coal mines, regulatory & contractual disputes, inability of promoters to infuse equity, tardy implementation and other operational issues were identified as cause of stress in coal based power plants. Out of 34 stressed projects, 14 projects with capacity of 16,450 MW have already been resolved and 14 projects with capacity of 17,320 MW having debt of Rs 91,773 Crore are likely to be resolved under National Company Law Tribunal (NCLT) or outside. The remaining 6 projects with capacity of 6,360 MW are unlikely to be resolved and are heading towards liquidation, having a debt of Rs 26,806 Crore.**

**.....2.**

The following Steps have been taken by the Government to resolve the stress in thermal power sector:

(i) **Introduction of Transparent Linkage policy:** On 22.05.2017, Government introduced SHAKTI Policy for grant of linkage to power sector. Linkages granted under SHAKTI Policy:

- (a) **Shakti Policy Para B(i):** Linkage granted to 23 nos. Thermal Power Projects (TPPs) totaling 25,060 MW under Central/State Sector category.
- (b) **Shakti Policy Para B(ii):** Coal linkages have been allotted under 1st round of B(ii) of Shakti (IPP Projects having PPA but no linkage) for 9045 MW capacity (32.68 MT) and 2nd round of B(ii) for 877.4 MW capacity (3.34 MT).
- (c) **Shakti Policy Para B(iii):** Bidding held from 5<sup>th</sup> to 7<sup>th</sup> February, 2020. A total capacity of 3775 MW (Total 5995 MW) which did not have PPAs have secured linkage for 6.49 MT.
- (d) **Shakti Policy Para B(iv):** Coal linkages granted to the State of Gujarat for 4,000 MW, to the State of UP for 1,600 MW and to the State of MP for 2640 MW power to be raised through tariff based competitive bidding based on the above linkage.
- (e) **Under B(v), aggregator (PFC) has been allotted Coal linkage (10 MT) for aggregating demand for tariff based bidding.**
- (f) **Shakti Policy Para B(viii)(a):** Methodology issued by MoP. Guidelines issued by CEA. Applications received from 14 nos. of bidders with plant capacity of 9,813 MW and 8145 MWs without PPAs.

(ii) **Pilot project for procurement of 2500 MW power:** In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, the Ministry of Power had notified a scheme for procurement of 2500 MW on competitive basis for a period of 3 years from the generators with commissioned projects having untied capacity.

- (a) **1<sup>st</sup> Round (2500 MW):** Letter of Award (LOA) was issued to all the successful bidders (1900 MW) - PPA signed.
- (b) **2<sup>nd</sup> Round (2500 MW):** Bid Security for 21 bidders for a total capacity of 6000 MW was received. Bids opened on 07.02.2020. 12 bidders were successful. Final tariff received is 3.26 per unit.

(iii) **Payment Security Mechanism:** Ministry issued an order on 28.06.2019 and subsequent corrigendum thereon 17.07.2019. NLDC & RLDC have been directed to despatch power only after it is intimated by the Generating Company and /Distribution Companies that a Letter of Credit (LC) for the desired quantum of power has been opened. This has ensured timely payments by Discoms to the generators.