

MEGA POWER PROJECTS: REVISED POLICY GUIDELINES

The following conditions are required to be fulfilled by the developer for grant of mega project status:-

- a) an inter-state thermal power plant of a capacity of 700 MW or more, located in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or
- b) an inter-state thermal power plant of a capacity of 1000 MW or more, located in States other than those specified in clause (a) above; or
- c) an inter-state hydel power plant of a capacity of 350 MW or more, located in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or
- d) an inter-state hydel power plant of a capacity of 500 MW or more, located in States other than those specified in clause (c) above”.

Fiscal concessions/benefits available to the Mega Power Projects

Zero Customs Duty : In terms of the notification of the Government of India in the Ministry of Finance(Department of Revenue) No.21/2002-Customs dated 1st March, 2002 read together with No.49/2006-Customs dated 26th May, 2006, the import of capital equipment would be free of customs duty for these projects.

Deemed Export Benefits: Under Chapter 8(f) of the Foreign Trade Policy, Deemed Export Benefits is available to domestic bidders for projects both under public and private sector on following the stipulations prescribed therein.

Pre-conditions for availing the benefits: Goods required for setting up of any mega power project, qualify for the above fiscal benefits after it is certified by an officer not below the rank of a Joint Secretary to the Govt. of India in the Ministry of Power that–

- (i) the power purchasing States have constituted the Regulatory Commissions with full powers to fix tariffs;
- (ii) the power purchasing States undertakes, in principle, to privatize distribution in all cities, in that State, each of which has a population of more than one million, within a period to be fixed by the Ministry of Power.

Price preference to domestic PSUs bidders: In order to ensure that domestic bidders are not adversely affected, price preference of 15% would be given for the projects under public sector. The domestic bidders would be allowed to quote in US Dollars or any other foreign currency of their choice.

Income Tax benefits: In addition, the income-tax holiday regime as per Section 80-IA of the Income Tax Act 1961 can also be availed.