

## 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 1<sup>st</sup> March, 2002 read together with No.49/2006-Customs dated 26<sup>th</sup> 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.