

Report sees huge cost, time overruns in hydropower projects in India

OUR BUREAU

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A number of hydropower projects across the Central, State and private sectors, with a cumulative capacity of over 13,000 MW, are witnessing significant time and cost overruns, according to consultancy firm PwC.

The consultancy says while India has untapped potential of over 100GW, till date only 3.2 GW has been installed by the private sector.

A PwC-ASSOCHAM report titled 'Accelerating Hydropower Development in India for Sustainable Energy Security' pins the slow pace to factors such as complex clearance and approval procedures, land acquisition issues, insufficient market depth and scope, limited availability of long term financing, and existing models for sharing of hydro benefits.

Though private participation in the hydropower sector has gained momentum in the recent past, it still faces many impediments across various stages of a project development lifecycle, it adds.

Cost of delay in 13,363 mw hydro projects: ₹52,600 cr

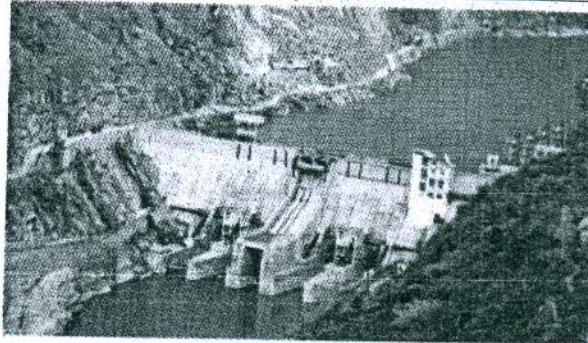
NEW DELHI:Hydro power projects of 13,363 megawatt capacity are stranded at various stages of development and reported a cost overrun of Rs 52,697 crore, a study has found.

"Despite significant hydropower potential, till now, only 30 per cent of India's total economically feasible hydropower potential has been harnessed, the ASSOCHAM-PwC study titled Accelerating hydropower development in India for sustainable energy security said.

Several hydropower projects with a cumulative capacity of about 13,363 MW are stranded at various stages of project development, resulting in significant time and cost overruns worth Rs 52,697 crore as of December 2016, it said.

The government should explore possibility of establishing a hydropower commission as a nodal agency to coordinate with actions of various entities involved in hydropower sector value chain and facilitate investments and clearances, the study recommended.

It also said that a dedicated transmission corridor for hydropower would help in overcoming the power evacuation issues faced by hydropower developers, especially in remote north-east regions of India. Almost



one-fourth (24 per cent) central hydro schemes are facing delays owing to local issues, law and order problems followed by geology, hydrology and topography related issues (21 per cent), noted ASSOCHAM-PwC study.

In terms of state hydro schemes, contractual disputes account for lion's share of 35 per cent while geology, hydrology and topography (35 per cent) related issues are major reasons for slippage in hydro capacity additions in private sector.

The study recommended that hydropower development in India needs to be channelised through an efficient governance framework by adopting a suitable policy framework coupled with uniform and transparent processes.

The existing processes, structures and institutional

frameworks must be re-aligned to the development goals and hydropower capacity addition targets while adequately recognising the role of the private sector, it said.

The study noted that with regard to the development of enabling infrastructure for hydropower projects, an optimum balance needs to be established between the role of the developer and the role of the state. It has also suggested to reintroduce the Mega Power Benefits for Hydro Projects, which were withdrawn in the year 2012.

With this, the benefits of custom duty exemption on import of capital equipment and deemed export benefits accorded as per the EXIM Policy would again be available to hydro projects.

PTI

Pave way for domestic participation on corporate bond market: Assocham



Ahmedabad. Market regulator Securities and Exchange Board of India (SEBI) should pave way for more domestic participation in the Indian debt market which may witness less of foreign investors' interest, following hike in rates by the US Federal Reserve, according to an ASSOCHAM Study on Bond Market.

The ASSOCHAM study titled 'Bonding with the Bonds' was released by its Secretary General Mr. D S Rawat along with Ms Navita Yadav and Mr. Sanjeev Kumar, Chairman & Co-Chairman of ASSOCHAM National Council on Bond Market respectively and Ms Bhagyesh Soneji, Chairperson, ASSOCHAM Gujarat Council at a press conference here at Ahmedabad.

There should be focus on domestic participation, as with the US rate hike there may be fall in foreign investors in Indian debt market, noted the ASSOCHAM study.

The study also suggested that both the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) should help create a vibrant distribution channel for channelising huge deposits sitting with the banks after demonetisation.

While releasing the study, Mr Rawat said that once a strong bond market is created and investors' interest is channelized, then "even with the deposit rates falling, an investor will benefit from the Bond market".

bond market is practically non-existent for most of the Indian companies. Most firms, including the big ones, tend to rely on secured institutional borrowings for their financial needs.

The bond market currently accounts for less than 5% of the funds of corporates. In fact, despite having a well-functioning government debt market, which is regarded as a prerequisite for the development of a vibrant corporate debt market (as it provides the benchmark rates), India's corporate debt market has not followed the steps of its government debt market.

India's need for investments in core sectors like infrastructure and education over the next two decades will far surpass the ability of equity markets to finance these needs. Eventually, corporate debt will need to play a larger role

than it does today. India's aspiration and plans to take up large infrastructure projects across the country has now made it critical for it to have a healthy corporate bond market. At a time when major public sector banks are stressed with rising non-performing assets and mounting losses, relying predominantly on banks to fund infrastructure development in the country will not be prudent. "Yet another issue coming in the way of easing the processes is the absence of a standard stamp duty rate across the nation as well as the maximum amount payable. The stamp duty for a typical debt issuance is 0.25% of the total issue size. In addition, the taxes are non-uniform across the states. Also the existence of Tax Deducted at Source (TDS) on corporate bonds is considered to be cumbersome."



कार्पोरेट बोनड मार्केट के लिए मार्ग साफ करने एस.बी. और आर.बी.आई. को एसोचेम द्वारा सिफारिश

अहमदाबाद। एसोचेम द्वारा बोनडिंग वीथ बोनड नामक अध्यास शुरू किया गया था। इस रीसर्च पेपर डी.एस. रावत, सेक्रेटरी जनरल एसोचेम, कुं. नवीता यादव, चेरमेन एसोचेम नेशनल काउन्सिल, संजीव कुमार को चेरमेन एसोचेम नेशनल

काउन्सिल बोनड मार्केट एवं कुं. भाग्येश सोनेजी चेर पर्सन एसोचेम गुजरात काउन्सिल के द्वारा आयोजित प्रेस कॉन्फ्रेंस में रिलीज किया गया है। यूएस. डोलर का भाव बढ़ने से फॉरेन इन्वेस्टर्स ने भारतीय डेल्ट मार्केट में पीछे हट की है। एसोचेम के अध्यास द्वारा

आर.बी.आई. और सीक्योरीटीज एण्ड एक्सेन्ज बोर्ड ऑफ इण्डिया को डीमोनेटाइझेशन के बाद घरेलू इन्वेस्टर्स को बैंक के द्वारा डेल्ट मार्केट में आकर्षित करने की सिफारिश की गई है। बोनड मार्केट के साथ इन्वेस्टर्स का उत्साह रहना चाहिए। डीपोजिट

के ब्याज को कम कर दिया गया है, परन्तु इन्वेस्टर्स को बोनड मार्केट में से फायदा होना चाहिए। टेक्ष के कानून में बोनड ब्याज में टी.डी.एस. की कटौती अनिवार्य रूप से लागू की गई है, परन्तु इन्सुरन्स और म्युच्युअल फंड में टी.डी.एस. अनिवार्य नहीं है।

