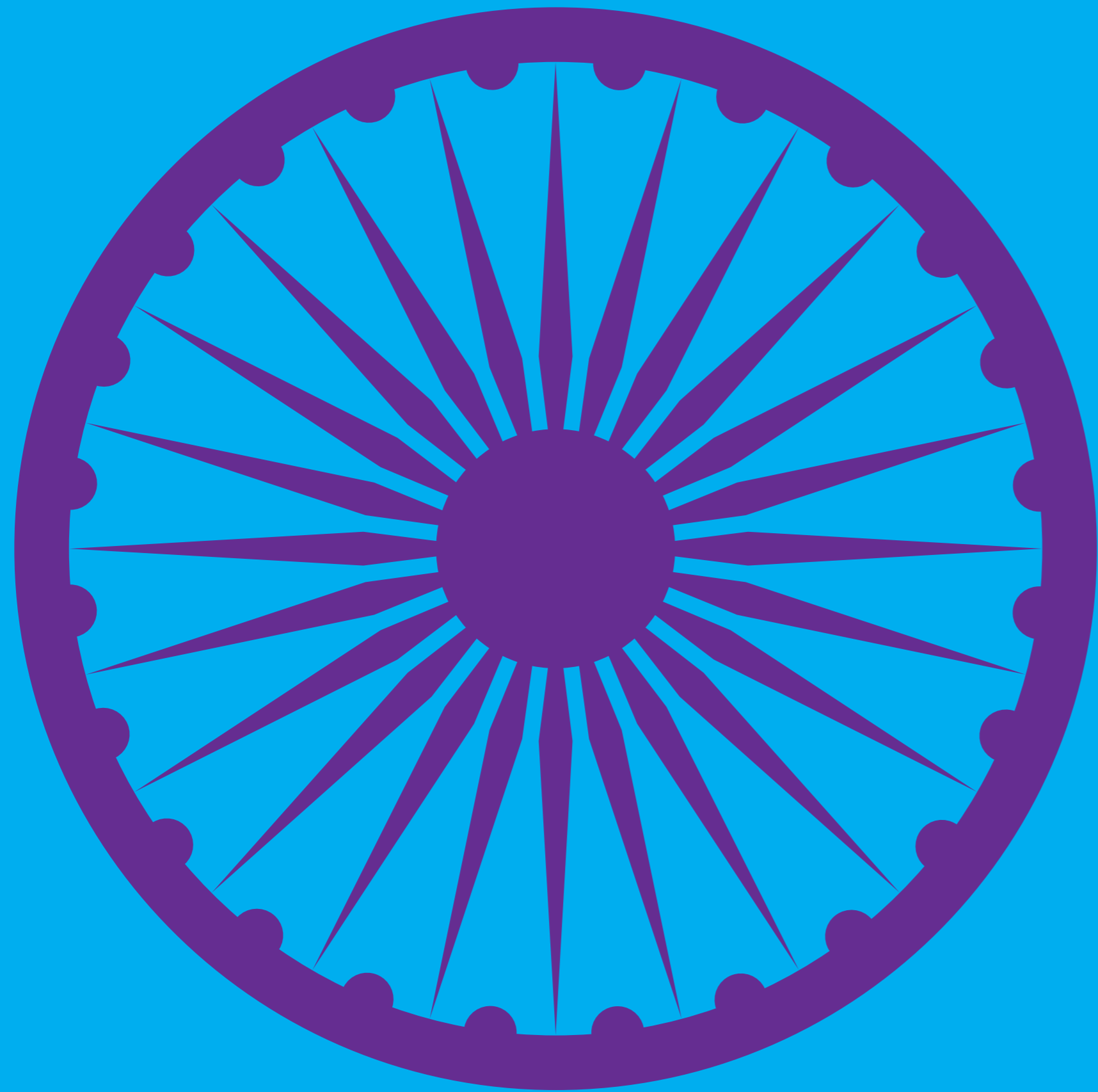


MAKE IN INDIA

THERMAL POWER





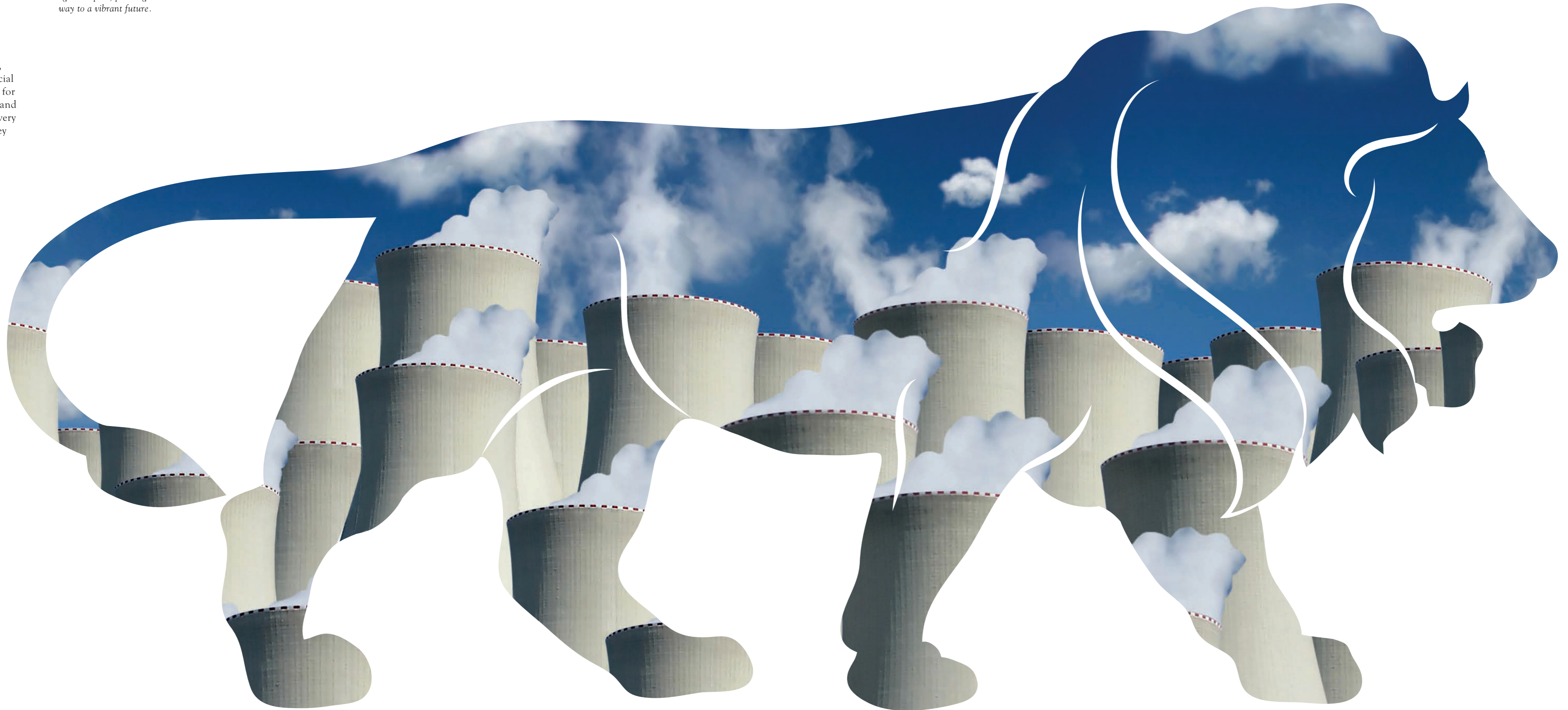
FROM AGRICULTURE TO AUTOMOBILES
FROM HARDWARE TO SOFTWARE
FROM SATELLITES TO SUBMARINES
FROM TELEVISIONS TO MOVIES
FROM BRIDGES TO BIOTECHNOLOGY
FROM PAPER CLIPS TO POWER PLANTS
FROM ROADS TO CITIES
FROM FRIENDSHIP TO PARTNERSHIP
FROM PROFIT TO PROGRESS
WHATEVER YOU WANT TO MAKE:
MAKE IN INDIA



The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.

सत्यमेव जयते

Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



SUPER POWER FOR SALE.

RESOURCE-RICH INDIA IS THE WORLD'S FIFTH LARGEST POWER PRODUCER. INVEST IN THE FUTURE OF ENERGY.

123 BILLION TONNES OF PROVEN COAL RESERVES

1,355 BILLION CUBIC METRES OF PROVEN NATURAL GAS RESERVES

5TH LARGEST PRODUCER OF ELECTRICITY

5TH LARGEST CONSUMER OF ELECTRICITY

100% FDI PERMITTED UNDER AUTOMATIC ROUTE IN THE POWER SECTOR

NEW INITIATIVES

THE MAKE IN INDIA PROGRAM INCLUDES MAJOR NEW INITIATIVES DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.

1 NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2 NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3 NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE, CONSTRUCTION AND RAILWAYS FOR FDI

4 NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME INVESTORS FROM TIME OF ARRIVAL
- FOCUSED TARGETTING OF COMPANIES ACROSS SECTORS

FACTS + FIGURES

REASONS TO INVEST

- The government is targetting a capacity addition of 88.5 GW during 2012-17 and 86.4 GW during 2017-22.
- The National Tariff Policy (2006) ensured adequate return on investment to companies engaged in power generation, transmission and distribution and to companies producing assured electricity to end users at affordable and competitive rates.
- Launch of the Ultra Mega Power Project (UMPP) scheme through tariff-based competitive bidding.
- As of March 31, 2013, total coal reserves stood at 298.94 Billion Tonnes, out of which 123.19 Billion Tonnes were proven reserves.
- Proven natural gas reserves measure up to 1,354.76 Billion cubic meters.

GROWTH DRIVERS

- Expansion in industrial activity to boost demand for electricity.
- A growing population is likely to boost demand for energy.
- Increasing market penetration and per-capita usage will provide further impetus to the energy industry.
- Large capacity additions (174.9 GW) are targeted upto 2022.
- Ambitious projects and increasing investments across the value chain.

INVESTMENT OPPORTUNITIES

- Power Generation
- Transmission & Distribution
- Power Trading
- Power Exchanges

STATISTICS

- With a production of 1108 TW, India is the world's fifth largest producer and consumer of electricity with a total demand of 1905 TW expected by 2022.
- The power sector accounts for almost a quarter of the projected investments amongst all the infrastructure sectors between 2012-17.
- During 2007-13, electricity production expanded at a CAGR of 5.5%.
- A total thermal installed capacity of 156.5 GW as of October 2013.

FDI POLICY

100% FDI is allowed under the automatic route in the power sector (except atomic energy), subject to all the applicable regulations and laws.

FOREIGN DIRECT INVESTMENT IS PERMITTED IN THE FOLLOWING CATEGORIES:

- Generation and transmission of electric energy produced in hydro-electric, coal, lignite, oil and gas-based thermal power plants.
- Non-conventional Energy Generation and Distribution.
- The distribution of electric energy to households, industrial, commercial and others.
- Power Trading.
- FDI in power exchanges up to 49% (26% FDI+23% FII/FPJ) is under the automatic route.
- FII/FPJ purchases shall be restricted to secondary market only. No non-resident investor/entity, including persons acting in concert, will hold more than 5% of the equity in these companies and the foreign investment would be in compliance with SEBI regulations. Other applicable laws/regulations, security and other conditionalities apply.



FINANCIAL SUPPORT

PROVISIONS UNDER BUDGET 2014-15:

→ Extension of sunset date under section 80 IA (4) (iv) of the Income Tax Act for the power sector (generation, distribution and transmission) to 31.03.2017 for claiming deduction of 100% of profits and gains for 10 consecutive assessment years.

→ Adequate quantity of coal will be provided to power plants which are already commissioned or are to be commissioned by March 2015.

→ Allocation of INR 1 Billion for preparatory work for a new scheme creating ultra-modern super critical coal-based thermal power technology aimed at providing cleaner and efficient thermal power.

→ Allocation of INR 5 Billion to Deen Dayal Upadhyaya Gram Jyoti Yojana, for launching feeder separation to augment power supply to the rural areas and for strengthening sub-transmission and distribution systems.

→ Full exemption from central excise duty is being provided to liquefied propane mixture, liquefied propane, liquefied butane and liquefied petroleum gases for supply to non-domestic exempted category customers by the IOCL, HPCL or BPCL retrospectively from 08.02.2013.

→ The duty structure on non-agglomerated coal of various types is being rationalized at 2.5% Basic Customs Duty (BCD) and 2% Countervailing Duty (CVD). The BCD on anthracite coal and other coal is being reduced from 5% to 2.5%.

→ The CVD on anthracite coal, coking coal and other coal is being reduced from 6% to 2%.

→ Exemption from BCD is being granted on re-gasified LNG for supply to Pakistan.

→ Imports of liquefied propane mixture, liquefied propane, liquefied butane and liquefied petroleum gases for supply to non-domestic exempted category customers by the IOCL, HPCL or BPCL retrospectively from 08.02.2013.

TAX INCENTIVES: R&D INCENTIVES

→ Industries and infrastructure sectors including the power/energy efficiency sectors with in-house R&D centers get a write-off in revenues and capital expenditure incurred on R&D.

→ A weighted tax deduction is given under section 35 (2AA) of the Income Tax Act to industry/private sponsored research programmes.

→ A weighted deduction of 200% is granted to assesses for any sums paid to a national laboratory, university or institute of technology, or specified people with a specific direction and the said sum will be used for scientific research within a programme approved by the prescribed authority.

STATE INCENTIVES:

→ India offers additional incentives for industrial projects in certain states.

→ Incentives are in areas such as rebates in land cost, the relaxation of stamp duty exemption on the sale and lease of land, power tariff incentives, a concessional rate of interest on loans, investment subsidies, tax incentives, backward area subsidies and special incentive packages for mega projects.

AREA BASED INCENTIVES:

→ Incentives are available for the setting up of projects in special areas like the North-east, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.



SECTOR POLICY

ELECTRICITY ACT, 2003:

→ Elimination of licensing for electricity generation projects.

→ Increased competition through international competitive bidding.

→ Demarcation of transmission as a separate activity.

PROMOTION OF RENEWABLE ENERGY THROUGH SUITABLE POLICY MEASURES:

→ As per the tariff policy amended on 20.1.2011, the minimum percentage for purchase of solar energy by a distribution license is to go up to 0.25% by the end of 2012-13 and further up to 3% by 2022.

→ To make solar power saleable in the market, the same is bundled with cheaper thermal power and then sold as bundled power.

NATIONAL TARIFF POLICY, 2006:

→ Adequate return on investment to companies engaged in power generation, transmission and distribution.

→ Uniform guidelines to SERCs for fixing tariffs.

→ Assured electricity to consumers at reasonable and competitive rates.

ULTRA MEGA POWER PROJECTS (UMPPs):

→ Launch of the UMPP scheme through tariff-based competitive bidding.

→ Ease of land possession, provision of fuel, water and necessary clearances to enhance investor confidence.

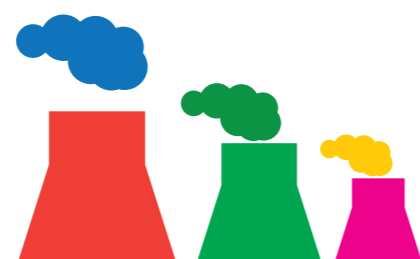
→ The Restructured Accelerated Power Development and Reforms Programme (R-APDRP) was launched by the Ministry of Power with the purpose of reducing AT&T losses up to 15 % by the upgradation of transmission and distribution network. It envisages the linking disbursement of central government funds (to states), with actual reduction in transmission and distribution losses. Projects worth more than USD 6.31 Billion have already been sanctioned.

FUEL SUPPLY AGREEMENT:

→ Fuel supply agreement with Coal India Ltd. will ensure the availability of coal for power companies over the long term.

PUBLIC PRIVATE PARTNERSHIP (PPP):

→ To reduce dependency on imported coal, a Public Private Partnership (PPP) policy framework will be devised with Coal India Limited to increase coal production.





FOREIGN INVESTORS

- CLP Holdings (Hong Kong)
- GE Energy (USA)
- AES (USA)
- Kosep (South Korea)
- Abellon Clean Energy (Canada)
- GDF SUEZ (France)

AGENCIES

- Ministry of Power (<http://powermin.nic.in>)
- Council of Power Utilities (<http://indiapower.org>)
- Bureau of Energy Efficiency (<http://beeindia.in>)
- Independent Power Producers Association of India (<http://ippai.org>)



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