

BUDGET 2014 PROPOSALS CHEER POWER SECTOR

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Budget 2014 proposals cheer power sector

Mitul Thakkar, ET Bureau Jul 10, 2014, 07.48PM IST

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NEW DELHI: India's ailing power industry has welcomed Finance Minister Arun Jaitley's budget proposals, with most seeing them as a sign that the government views the sector as one of the key drivers of economic growth.

Over the last few years, though the country saw 87,622 mw of capacity addition by private players, the sector has been plagued by a host of issues, including a sluggish clearance mechanism and lack of fuel and transmission network.



Piyush Goyal, minister for power, coal and renewable energy, called it a transformative budget that is focusing on policy initiatives and investment-led growth. "I am elated at the announcements to encourage new and renewable energy and development of transmission and distribution. This will go a long way in ensuring 24x7 power to all," he said.

Goyal welcomed the standardisation of custom duty on coal, which he said would help to end disputes.

Association of Power Producers, which represents project developers from the private sector, such as Tata Power, Adani Power, CLP, GMR and Lanco, welcomed the proposals. It said it is looking forward to expeditious implementation of these proposals at the earliest.

"The budget proposals recognize that infrastructure, including power, will be one of the key drivers if the economy is to attain the 7-8% growth figure outlined in the minister's speech," Association of Power Producers said. "The power industry also appreciates the commitment to resolve the impasse in the coal sector by providing adequate quantity of coal to power plants commissioned before March 2015, and the proposed exercise to rationalize coal linkages, which will optimise transport costs and result in lower landed cost of coal."

The association added that the budget proposals would boost investor interest in the power sector while also benefiting the consumer.

"Hike in FDI limits in some sectors, Infrastructure Investment Trusts, investment allowance of 15% to manufacturers investing above Rs 25 crore on plant and machinery, fiscal consolidation, etc., will boost economic and industry sentiments," said Raj Eswaran, president, Indian Electrical and Electronics Manufacturers' Association. He welcomed the government's commitment to providing 24x7 power to all, announcement of a three-year extension to the tax holiday given to undertakings that begin power generation, distribution and transmission by March 31, 2017.

IEEMA vice-president Vishnu Agarwal was hopeful that the government will take steps to ensure that there is full utilisation of funds.

Anil Rai Gupta, joint MD of Havells India, termed it a budget of hope. "The budget has ushered in prudent policies in areas like manufacturing, housing, tax concessions for individuals, education that will boost the economy as a whole and create job opportunities. The budget truly reflects the positive intent of this government and we can expect some big ticket announcements once the economy picks up steam," Gupta said.