



No.42/14/2005-RE(Vol.25)  
Government of India  
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,  
New Delhi the 30<sup>th</sup> September, 2014.

**Subject: Minutes of the 52<sup>nd</sup> meeting of the Monitoring Committee to review the Rural Electrification Scheme "Rajiv Gandhi Grameen Vidyutikaran Yojana".**

The undersigned is directed to enclose herewith the minutes of the 52<sup>nd</sup> Monitoring Committee meeting held on 16.09.2014 to review the Rural Electrification Scheme "Rajiv Gandhi Grameen Vidyutikaran Yojana" under the Chairmanship of Secretary(Power) for information and necessary action.

30.9.14  
(Narender Singh)

Under Secretary to the Government of India  
Tel. 23708304

Encl.: As above.

To

1. Secretary, Planning Commission, Yojana Bhavan, New Delhi.
2. Secretary, Department of Expenditure, North Block, New Delhi.
3. Secretary, Ministry of New and Renewable Energy, CGO Complex, Lodhi Road, New Delhi.
4. Secretary, Ministry of Rural Development, Krishi Bhavan, New Delhi.
5. Secretary, Ministry of Panchayati Raj (Room No.127), Sardar Patel Bhavan, New Delhi.
6. Chairperson, CEA, Sewa Bhavan, R.K.Puram, New Delhi.
7. CMD, REC/NTPC/NHPC/PGCIL.
8. Chairman, DVC.

9. Secretary (Power), Govt. of Arunachal Pradesh, Civil Secretariat, Block No. 31, Itanagar-791 111.
10. Addl. Chief Secretary (Power), Assam Sectt., Government of Assam, P.O. Assam Sachivalaya, Block-C, Ground Floor, Dispur-781 006.
11. Additional Chief Secretary (Power), Govt. of Meghalaya, Main Secretariat Building, Shillong-793 001.
12. Pr. Secretary (Energy), Government of Jharkhand, Nepal House, Doranda, Ranchi.
13. Secretary (Energy), Government of Rajasthan, Jaipur-302 001.
14. Secretary (Energy), Govt. of Uttar Pradesh, Lal Bahadur Shastri Bhavan (Annexe), 5<sup>th</sup> Floor, Lucknow.
15. Principal Secretary (Energy), Govt. of Madhya Pradesh, Mantralaya, 310-C, 3<sup>rd</sup> floor, Vallabh Bhawan, Bhopal 462 001.
16. Secretary (Energy), Govt. of Chattisgarh, D.K.S. Bhavan, Mantralaya, Raipur.

Copy to:

PPS to Secretary (Power)/PPS to AS(RNC)/PS to JS(RE)/PPS to JS&FA/  
DS(RE)/DGM(RGGVY)/Tech. Dir. (NIC), Ministry of Power.

**Minutes of the 52nd meeting of RGGVY Monitoring Committee held on 16.09.2014 at 3pm in Conference Room, Shram Shakti Bhawan, Rafi Marg, New Delhi**

The 52nd meeting of RGGVY Monitoring Committee was held under the chairmanship of Secretary (Power) on 16.09.2014. The list of participants is enclosed at **Annexure-I**. Detailed agenda was issued by Ministry of Power on 08.09.2014.

At the outset, Joint Secretary (Dist.) welcomed all the members and advised REC to present item-wise agenda points for discussion. CMD, REC gave a brief summary of the agenda items put up for consideration of the Monitoring Committee. Executive Director (RGGVY), REC made a presentation (copy enclosed at **Annexure-II**) on item-wise agenda.

**Agenda Item No. 1: Confirmation of minutes of the 51st meeting of the Monitoring Committee held on 27.02.2014**

Monitoring Committee was informed that minutes of 51st meeting of the Monitoring Committee held on 27.02.2014 were circulated on 01.03.2014 to all concerned. No comments from any quarter have been received. Hence, The Minutes of the meeting were unanimously confirmed.

**Agenda Item No. 2: Review of Status of award for 12th plan projects.**

ED (RGGVY) informed that as on 31.08.2014 the status of award of 12th plan projects is as under

a	Projects awarded (Letter of Award issued)	61
b	Ready for award [Letter of Intent (LOI) issued]	52
c	Bids opened and under evaluation	59
d	NIT Issued but bids are yet to be opened	42
e	NIT yet to be issued	59
	<b>Total</b>	<b>273</b>

He informed that 113 projects have been awarded (61- 'a' above) or ready for award (52-'b' above). The 101 projects where bids have been opened & under evaluation (59-'c' above) or NIT issued & bids yet to be opened (42-'d' above) are likely to be awarded by 31st Oct'14.

Regarding 59 projects where NIT is yet to be issued, ED (RGGVY) informed that these projects are mainly of Odisha, Jharkhand, Mizoram, Nagaland and Assam. He explained that in case of Jharkhand, DPRs have not been recast while in case of Mizoram & Nagaland, tenders were not floated as per CVC guidelines. In case of Odisha the main reason of not issue of NIT is delay in finalization of implementing agency (PGCIL, NTPC and NHPC) by the Govt. of Odisha. Out of total 31 projects of Odisha, PGCIL and NESCL has agreed for implementation of 13 and 12 projects respectively. For remaining 6 projects, NHPC has been requested by Govt. of Odisha to take up implementation. The representative of NHPC informed that since they have no establishment in Odisha, it would not be cost effective for NHPC to implement these 6 projects. After detailed discussions, the Monitoring Committee advised that the remaining 6 districts may be allocated by Govt. of Odisha amongst NESCL (3 projects) and PGCIL (3 Projects). Thus, 16 projects shall be implemented by PGCIL and 15 projects by NESCL. **ED RGGVY informed that all these 59 projects where NIT is yet to be issued are likely to be awarded by 30th Nov 2014.**

ED (RGGVY) informed Monitoring Committee that MoP has already approved milestones for the XII Plan & XI Plan (Phase II) projects and fund release guidelines for XII Plan projects. However, there is no incentive/disincentive policy for timely award, execution and completion of projects by the implementing agency/contractor. As a result the PIAs / contractors do not adhere to the milestones leading to inordinate delays and laxity in implementation of the projects.

**After detailed deliberation and discussions, the Monitoring Committee resolved to appoint a sub-committee under the Chairmanship of concerned Additional Secretary, MoP with JS (RE), CMD REC, JS&FA & representatives of 5 States as members to frame a policy on incentives/disincentives for timely award, scheduled achievement of milestones and completion & closure of the projects including financial closure. This sub-committee should submit its report within a month. The monitoring committee also noted the status of awards of the XII plan projects and timelines indicated for awarding the remaining projects.**

**Agenda Item No. 3: Approval of Pilot projects on the business model for DDG on Viability Gap Funding and approval of amendment in DDG guidelines.**

The Monitoring committee considered the proposed business model for DDG projects on Viability Gap Funding. ED(RGGVY), REC informed that the existing DDG model operates on a build-operate-transfer model. The

developer has to install the plant and run it for 5 years only while the life time of a solar PV is nearly 20 years. In order to achieve long-term sustainability of the project and to safeguard against operating uncertainties, it was thought prudent that a business model based on Viability Gap Funding (VGF) may be developed which attracts private equity participation by the project developer.

REC in association with M/S TERI discussed various VGF based models with all stake holders (including private developers) in two separate workshops and has come up with a Business model based on 50% capital subsidy, Fixed Annual VGF (~30%) + Generation based VGF in 4 Block periods (1-5 yr; 6-10 yr; 11-15 yr & 16-20 yr. The proposed model ensures the power availability for almost 20 years and will encourage private participation.

ED RGGVY illustrated a 10kW SPV off-grid DDG project based on the proposed VGF model for village/habitation having more than 50 households (HHs). The estimated cost comes approximately Rs.35 lakhs (including 18 lakhs as cost of distribution network).

Capacity	Project Cost	Capital Subsidy	Equity component	Debt component
10 kW	Rs. 17 lakhs	Rs.8.50 lakhs	Rs.2.55 lakhs	Rs.5.95 lakhs

**Subsidy calculated on Net Present Value (NPV)**

Capital subsidy	Fixed VGF	Generation linked VGF	Total VGF	Total subsidy required including VGF (spread over 20 years)
Rs.8.50 lakhs	Rs.7.20 lakhs	Rs.17.0 lakhs	24.20 lakhs	Rs.32.70 lakhs

CMD REC informed that the total estimated subsidy requirement (spread over entire plant life of 20 years) for 100 kW projects based on VGF will be around Rs.3.2 Cr (plus applicable statutory taxes, duties, fees, levies etc at actuals) spread over assumed 20 years of project life. Also, an additional provision for Rs. 1.8 crore will be required to cover the cost of distribution network which will be funded under RGGVY. States will provide the land required for the aforesaid projects and hand over the same to project developer for 20 year on lease basis. TERI will be the knowledge partner and RECPDCL can be roped in for overseeing the process.

Secretary Power suggested that in the pilot phase only off grid villages be taken. He also suggested that suitable VGF model for installation of DDG

projects utilizing different Renewable sources such as Biomass, Wind & Micro Hydel should also be explored.

CMD, REC clarified that the proposal has been examined by REC with due diligence and recommended for approval by the Monitoring Committee.

After detailed discussions and deliberations, the Monitoring Committee approved the Implementation modalities of the VGF based DDG pilot projects by REC through open bidding process for total estimated project cost of Rs.5 crore on NPV basis for which upfront funding shall be made available to REC from MoP's enabling charges under RGGVY. 4-5 pilot projects would be taken up in off grid villages / habitations of 3-4 States. The existing Technical Committee constituted by the Ministry of Power for implementation of DDG under RGGVY will approve the pilot projects. The approved pilot projects shall be implemented by REC within one year.

#### **B) Proposed amendments in existing DDG Guidelines**

ED (RGGVY) informed that details of proposed amendments in existing guidelines and Standard Bidding Document (SBD) for implementation of DDG under RGGVY have been indicated in the agenda. **Secretary (Power) suggested that the sub-committee under Additional Secretary, MoP (as indicated in resolution to agenda item no. 2 above) may examine the proposed amendments in detail and submit the report within a month.**

#### **Agenda Item No. 4: Review of Progress/closure of X and XI plan projects.**

##### **a) Review of progress of X and XI plan (Phase-I) projects:**

ED (RGGVY) made a detailed presentation on the progress of X and XI plan Phase I projects as on 31.08.2014, reasons for shortfall in achievement and measures taken up by REC and MOP to expedite the progress.

Secretary Power stressed that more efforts are required to be put in to improve monitoring of the projects. REC needs to handhold projects which are facing hurdles especially due to non-performance or poor performance of contractors. He also suggested a regular meeting be conducted with Railway and Forest Ministry officials for sorting out Railway / Forest clearances. CMD REC suggested that RECPDCL, the subsidiary of REC can be utilized appropriately. JS (RE) informed the Monitoring Committee that he has already taken up the matter with Chairman (Railway Board) and Secretary (Forests) regarding the various impending clearances for execution of projects. JS (RE) suggested

that regular review meetings under the Chairmanship of Secretary (P) may be organized with representatives of poor performing States. Monitoring Committee desired that representatives of Railways and Forest Ministry may also be invited for the next review meeting.

**b) Review of progress of XI plan (phase-II) projects:**

ED (RGGVY) made a detailed presentation on progress of XI Plan Phase-II projects and demonstrated progress using "RE- Monitor" in respect of 5 well performing projects and 22 non-performing projects.

It was informed by ED (RGGVY) that even after passing of three years from the date of sanction and 1-2 years from the date of award of projects, no progress are seen under 22 projects. Since there are no disincentives or penal provisions for non-performance or slow performance; both by PIA or the contractor, most of these projects are more than 18-24 months behind their schedule. CMD REC suggested that there could be norms / benchmarks for cancellation / termination of projects and even blacklisting of the contractors who are non-performing. ED (RGGVY) proposed that to ensure completion and closure of projects within the stipulated time frame, there must be a disincentive provision in the RGGVY guidelines.

**After detailed deliberation and discussions, the Monitoring Committee resolved that the sub-committee under the Chairmanship of Additional Secretary MoP (as indicated in resolution to agenda item no. 2 above) may consider this aspect also and submit report in a month.**

**c) Review of closure proposals of X and XI plan (Phase-I) projects:**

As per the RGGVY guidelines, the execution of project should be completed within 24 month from the date of award. Subsequently for reconciliation of material and submission of closure proposal by PIA to REC, another 3 months is required. After approval of closure proposal, States have to submit financial closure within 2 months (for release of final installment of 10%) to REC.

Under X Plan of RGGVY, 235 projects were sanctioned during 2004 -06 and all projects were awarded by Mar, 2007. Out of these, closure proposal of 161 projects have been approved so far. Balance 74 projects mainly in the States – Bihar (12), Jharkhand (12), Madhya Pradesh (4), Orissa (4), Rajasthan (9) & UP (6) are yet to be closed. Moreover, mere 49 projects have been closed financially.

Under XI Plan Phase-I of RGGVY, 341 projects were sanctioned during 2008-09 and all projects were awarded by Mar, 2010. Out of these, closure proposal of only 105 projects have been approved so far. Balance 236 projects mainly in

the States- Arunachal Pradesh (14), Assam (19), Bihar (1), Chhattisgarh (11) Karnataka (8), MP (22), Manipur (7) are yet to be closed. No project has been closed financially.

CMD REC mentioned that status of submission of closure proposal and also financial closure by the Implementing Agencies / State Govt. is not satisfactory and therefore a deadline must be set up the Monitoring Committee in this regard.

After detailed discussion and deliberations, Monitoring Committee resolved to set up a deadline of 31<sup>st</sup> December 2014 for submission of the closure proposals of X and XI plan (Phase-I) projects by the Implementing Agencies duly concurred by the respective State Govt. and 31<sup>st</sup> March 2015 for release of last instalment and financial closure of X and XI plan (Phase-I) projects.

#### **Agenda Item No. 5: Approval of Departmental Execution of RGGVY Projects**

##### **a) Approval for Execution of Works Departmentally in Sri Ganganagar district of Rajasthan.**

Electrification of villages of Sri Ganganagar district was sanctioned under "Accelerated electrification of one lakh villages and one crore households" on 18.03.2005 (subsequently merged under RGGVY) for project cost of Rs.681.68 lakh. Execution of work was awarded to 5 turnkey contractors on October 2005. Consequently award of the 2 turnkey contractors was cancelled in 2009-10 on account of non- performance. Hence, JdVVNL decided to execute these work on departmental basis.

The cost of works executed through the contractors is Rs.188.56 lakhs and the cost of work executed by JdVVNL on departmental basis is Rs.305.69 lakhs. Unit rates of items in the works executed on departmental basis are kept same as proposed by utility based on SOR 2004-05 or restricted to the unit rates of turnkey contractor, whichever is lower.

In cases of Departmental Execution, decision of Monitoring Committee held on 19.12.2012 is as below:

*"In the cases where turnkey contractor has completed more than 50% of the work and is now not executing the project thereby delaying the implementation and wherever implementing agency has lawfully terminated the contract with turnkey contractor and has proposed to execute the remaining work departmentally, it can be allowed by Monitoring Committee on case to case basis."*



ED (RGGVY) informed that two contractors were not coming forward for the execution of works, therefore JdVVNL had lawfully terminated their contracts and executed work departmentally. Thought the work executed departmentally is more than 50% of total scope works but as of now the Work has already been executed by JdVVNL and closure proposal has been submitted to REC. The approval of the closure proposal is within the delegation of power to REC but permission to approve departmental works is required before approval of the closure proposal.

CMD, REC clarified that the proposal has been examined by REC with due diligence and recommended for approval by the Monitoring Committee.

**After detailed discussions, the Monitoring Committee accorded approval to include the works executed departmentally by the JdVVNL under RGGVY project of Sri Ganganagar district of Rajasthan State.**

**b) Approval for departmental execution of RGGVY XII plan projects in 3 districts viz. Sonbhadra, SantKabir Nagar & Chandauli by PuVVNL, UP State**

ED RGGVY informed Monitoring Committee that Managing Director, PuVVNL vide their letter No. PuVVNL/RGGVY/REC dated 19-07-2014 intimated REC that in Sonebhadra, SantKabir Nagar & Chandauli projects, the tender opening date has been extended 11 times from February 2014 to July 2014. In spite of this, no bidder has participated for Sant Kabir Nagar and Sonebhadra projects and only one bidder has participated for Chandauli project. Therefore in a review meeting held on 28.07.2014 with the principal secretary (Energy), Govt. of UP, PuVVNL requested for departmental execution of three projects due to reasons specific to these areas.

CMD, REC clarified that the proposal has been examined by REC with due diligence and recommended for approval by the Monitoring Committee.

**After detailed discussions, the Monitoring Committee resolved to allow for execution of 12th plan RGGVY projects of Sant Kabir Nagar, Sonebhadra and Chandauli districts departmentally by the Implementing Agency in accordance with the prescribed guidelines under 12th Plan RGGVY.**

