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We are thankful for your support in the activities of ITMA and hope your patronage will continue for further growth in the Business of Transformer and Allied Industries. Besides, Readers, Colleagues and Friends are requested to share with us any News/Report or suggestions they may consider appropriate for printing in the News Letter.

*B. Lal*  
(B. LAL)

Director General





## **BIS SEMINAR ON STANDARDIZATION, CERTIFICATION AND QUALITY CONTROL OF DISTRIBUTION TRANSFORMERS HYDERABAD, 23rd DECEMBER 2015**

ITMA and ICAI jointly with Bureau of Indian Standards organized a Seminar on standardization, certification and quality control of distribution transformers, on 23rd December in Hyderabad.

This half day Seminar was first of its kind, specific to bring & support all stakeholders (BIS, transformer testing agencies, Power utilities, & Manufacturers) at one platform to discuss & resolve the issues related to certification process of distribution transformers as per IS1180 through an interactive seminar, which was helpful to all manufacturers of the region to resolve the issues related to BIS certification so that license is granted before the date of implementation i.e. 1st February 2016.

The first seminar in the series of 8 seminars was held in Baroda on 05th November in the GETRI (Gujarat Energy Training & Research Institute), the second Seminar was held in TANGEDCO, Chennai. This is the Third Seminar held at Hyderabad. The BIS officials, manufacturers of Distribution Transformers and ITMA members attended the seminar.

Presentations were made in the seminar on Energy efficiency, reliability and Certification Process in BIS, Distribution Transformers Testing, Utilities/Discoms perspective on adoption of IS1180 in their specifications for procurement of Distribution Transformers and Manufacturers Perspective with respect to the implementation of the Quality Control Order. During interactive, panel discussion on various issues regarding process of certification & testing of Distribution Transformers were clarified by the BIS officials to the delegates.

## **BUDGET 2016 - 17 TO HAVE POSITIVE IMPACT ON POWER, COAL & RENEWABLE ENERGY SECTORS**

[Shri Piyush Goyal urged people to monitor ministry's work to provide valuable feedback]

Shri Piyush Goyal, Minister of State (IC) for Power, Coal and New & Renewable Energy, in a media briefing, urged people to monitor work of his ministries and to bring forth any deficiencies in working of system. The Minister said that the feedback from people help Government to work efficiently.

On the occasion, Shri Goyal felicitated Shri Dinesh Arora, ED, REC for achieving one-third of the rural electrification target, thereby electrifying more than 6000 villages across the country. He also felicitated Shri Venkatesh Diwedi GM, Technical, Energy Efficiency Services Limited (EESL) for crossing distribution of 7 crore LED bulbs and thus contributing immensely in Government's drive for energy efficiency. The Minister also launched GARV newsletter for rural electrification on the occasion.

While highlighting various budget proposals relating to Power, Coal & Renewable Energy sectors, Shri Piyush Goyal informed

that the annual allocation for DDUGJY has been increased by 66% from Rs. 5100 crore (BE 2015-16) to Rs. 8500 crore. This is a positive development making more funds available for improving distribution infrastructure. He said that assessee engaged in the business of transmission of power shall be allowed additional depreciation at the rate of 20% of actual cost of new machinery or plant acquired and installed in a previous year. This will be beneficial for POWERGRID and other transmission companies and help increase transmission capacity at lower cost. "PFC and REC have been included in the list of organizations who would be allowed to raise bonds during 2016-17". Shri Goyal stated that a budget proposal will be incorporated in CST Act which will allow application of CST rate on inter-state transfer of gas for Gas based plants. The Minister also mentioned that the benefit of concessional custom and excise duty (proposed in budget) would be available to power generation projects based on municipal and urban waste. This will result in reduction in the cost of generation of power.

Talking about Budget proposals of Coal Sector, Shri Piyush Goyal appreciated the increased coal production in the country. He informed that Coal India Limited has registered 9.2% growth in coal production in the duration of April 2015 to February 2016 in comparison to 8.25% growth registered during 2014-15. The Minister delightedly told that this is the highest coal production growth in over two decades. He also said that the basic Customs Duty on Heavy Earthmoving Machinery (HEMM), other than dumpers has now been proposed to be enhanced from 7.5% to 10% i.e. an increase of 2.5%. The step is envisaged to help domestic manufacturers to support Make in India.

Referring to Renewable Energy Sector, Shri Goyal said that the Budget 2016-17 has proposed to levy Clean Environment Cess at Rs. 400 per tonne, which will be used for development of renewable energy resources and various environmental protection measures. He informed that Plan Outlay to support Renewable Energy has been increased from Rs. 2,509 Crore in 2014-15 to Rs. 4,246 Crore in 2015-16; and further to Rs. 5,000 Crore in 2016-17 budget. The Minister told that Budget 2016 has provisions to mobilize funds at cheaper rate to ensure availability of cheaper power to the ultimate consumers.

In his media interaction, Shri Goyal said reiterated that out of un-electrified villages, about 3000 villages to be electrified through renewable energy sources under the DDUGJY scheme. The budget also proposes 100% deduction of projects for 3 out of 5 years to Start-ups. It will encourage the entrepreneurs for rise startups in RE sector. A Special patent regime with 10% rate of tax on income from exploitation of patents is mentioned in the budget to give fill up to entrepreneurs to adoption of new technologies in RE sector. Shri Goyal said that solar pumps for irrigation and the pumps based on biomass likely to get the fill up in 28.5 lakh hectares which is to be brought under irrigation. He further stated that solar lamp being exempted from excise duty from 25% to NIL and Basic Custom duty on Industrial solar water heaters increased from 7.5% to 10%.



## HIGHLIGHTS OF THE BUDGET 2016 - 17 MINISTRY OF POWER

Increased allocation for DDUGJY and IPDS schemes. The annual allocation has been increased by 66% from Rs. 5100 crore (BE 2015-16) to Rs.8500 crore. This is a positive development making more funds available for improving distribution infrastructure. Total Annual Plan outlay for the Ministry of Power has been increased from Rs. 6800 crore (BE 2015-16) to Rs. 12200 crore in BE 2016-17. This increase is mainly due to enhancement in budget allocation for the above two schemes and for Power System Development fund (PSDF) for which the allocation has been increased from Rs. 300 crore (BE-2015-16) to Rs. 1900 crore (BE 2016-17).

Additional depreciation for transmission companies from FY18. [Section 32(1)(ia) of the IT Act]. Assessee engaged in the business of transmission of power shall also be allowed additional depreciation at the rate of 20% of actual cost of new machinery or plant acquired and installed in a previous year. This will be beneficial for POWERGRID and other transmission companies and help increase transmission capacity at lower cost.

PFC and REC have been included in the list of organizations who would be allowed to raise bonds during 2016-17. This would provide additional resources for these two Power Financing Companies during the next financial year.

The Ministry is implementing a Scheme of Utilization of Gas based power generation capacity which envisages provision of subsidy to DISCOMs to procure power from stranded and domestic gas based power plants. The Budget document proposes to amend Section 3 of the CST Act and seeks to insert an explanation as under :

Where the gas sold or purchased and transported through a common carrier pipeline or any other common transport distribution system becomes co-mingled and fungible with other gas in the pipeline for system and such gas is introduced into the pipeline or system in one state and taken out from the pipeline in another state, such sale or purchase of gas shall be deemed to be a movement of goods from one state to another'

This explanation proposed to be incorporated in the CST Act will obviate the need to issue separate notification by Centre/States which is currently the case. This will be a contribution to procedural improvement.

- Valid agreement between importer / producer of power with urban local body for processing of municipal solid waste for not less than ten years from the date of commissioning of project” being provided as an alternative condition for availing concessional customs/excise duty benefits in case of power generation project based on municipal and urban waste.
- Impact: The benefit of concessional custom and excise duty would be available to power generation projects based on

municipal and urban waste. This will result in reduction in the cost of generation of power.

- The Budget Speech in para 40, 41 and 81 appreciations work done in the area of Rural Electrification, transmission and generation and replacement of incandescent & CFL lighting with LED lighting by the Ministry of Power as :
- "40. As on 1st April, 2015, a total of 18,542 villages were not electrified. The Honourable Prime Minister, in his address to the Nation on 15th August, 2015 announced that the remaining villages will be electrified within the next 1000 days".
- "41. As on 23rd February, 2016, 5542 villages have been electrified. This is more than the total combined achievement of previous three years. The Government is committed to achieve 100% village electrification by 1st May, 2018."
- "81. In the other segments of the infrastructure sector, our Government has achieved the highest coal production growth in over two decades, highest ever capacity addition in generation, highest ever increase in transmission lines and in distribution of LED bulbs."

## HIGHLIGHTS OF THE BUDGET 2016 - 17 : MINISTRY OF NEW & RENEWABLE ENERGY

- Plan Outlay to support Renewable Energy has been increased from Rs. 2,509 Crore in 2014-15 to Rs. 4,246 Crore in 2015-16; and further to Rs. 5,000 Crore in 2016-17 budget. This will help in implementation/ expansion of renewable energy programmes to reach the target of 175 GW by 2022.
- Clean Environment Cess will enhance the funds available for promoting renewable energy projects and the infrastructure associated with it.
- Inverted Duty Corrected

This correction will lead to reduction in the capital cost of the wind power equipments, which in turn will reduce the cost of generation of power from wind power projects.

Excise duty on carbon pultrusions used for manufacture of rotor blades, and intermediates, parts and sub-parts of rotor blades for wind operated electricity generators reduced from 12.50% to 6%.

- Cheaper funds to boost investment in renewables**
  - Mobilisation of additional finances to the extent of Rs 31,300 crore by NHAI, PFC, REC, IREDA, NABARD and Inland Water Authority by raising Bonds.
  - Dedicated fund to provide credit enhancement to infrastructure projects by LIC. Renewable Energy projects may likely to get the share in the proposed dedicated fund.
  - Impact: It will help FIs to mobilise the funds at a cheaper rate which in turn will make the funds available for the

development of the power sector particularly for projects of national importance and ensure availability of cheaper power to the ultimate consumers.

**• Electrification of Villages:**

As on 1st April, 2015, a total of 18,542 villages were not electrified. The Honourable Prime Minister, in his address to the Nation on 15th August, 2015 announced that the remaining villages will be electrified within the next 1000 days. As on 23rd February, 2016, 5542 villages have been electrified

Out of total un-electrified villages, about 3000 villages to be electrified through renewable energy sources which will enhance the demand for renewables.

**• Boost to Start up India**

100% deduction of projects for 3 out of 5 years to Start-ups. It will encourage the entrepreneurs for rise startups in RE sector.

**• Make in India**

Special patent regime with 10% rate of tax on income from exploitation of patents. It will give fill up to entrepreneurs to adoption of new technologies in RE sector.

Pradhan Mantri Krishi Sinchai Yojana – 28.5 lakh hectares will be brought under irrigation. Solar pumps for irrigation and the pumps based on biomass likely to get the fill up due to this announcement

**• Make in India**

Basic Custom duty on Industrial solar water heaters increased from 7.5% to 10%. Imports likely to become costlier and will provide boost to domestic manufacturers.

Basic Duty Exemption on solar tempered glass/solar tempered glass withdrawn and 5% concessional imposed. Imports likely to become costlier and will provide boost to domestic manufacturers.

Solar lamp being exempted from excise duty from 25% to NIL. Solar lamps/lanterns will become cheaper and their demand likely to boost in excessible in rural areas,

Promote entrepreneurs among SC/ST and women – 2.5 lakh entrepreneurs to be created Decentralized renewables likely to get boost as new entrepreneurs likely to enter in the sector.

**BIS SEMINAR ON STANDARDIZATION, CERTIFICATION AND QUALITY CONTROL OF DISTRIBUTION TRANSFORMERS AT CHANDIGARH, ON 10TH FEBRUARY 2016**

ITMA and ICAI jointly with Bureau of Indian Standards (BIS) organized Seminar on standardization, certification and quality control of distribution transformers, on 10th February 2016 at Hotel Sarovar Homitel, Chandigarh. The key sessions were shared by Mr. Hemant Kumar Chief Manager, ICAI, Mr. A.K. Saini, DDGN, BIS Chandigarh, Mr. Manmohan Passi Dy. CE of PSPCL and Mr. Pardeep Agarwala Vice-President (Central) ITMA. The initiative seminar was highly appreciated by the participants and they demanded for more such seminars in future.

This half day Seminar with delegates from BIS, transformer testing agencies, Power Utilities & Transformer Manufacturers at one platform resolved the issues related to certification

process of Distribution Transformers as per IS1180 through an interactive session, which was helpful to the manufacturers of the region to get on the spot clarifications on certification process of BIS, so that they get the BIS certification without any hassles.

Around 60 participants including BIS officials, manufacturers of Distribution Transformers and representatives from various Power Utilities of Chandigarh, Punjab, J&K, HP and Haryana attended the Seminar.

**ITMA's NEWS LETTER**

To keep abreast with the activities, having been taken up by the ITMA for the benefit of its members, a communication is the only way to keep them updated. President ITMA took the initiative to issue 1st such letter in January 2011 and till date, which was well appreciated by all.

In order to keep ITMA Secretariat up-to-date with the latest information of the utilities and Transformer Manufacturers in the State, all the office bearers/members of the association as well as the SEBs/Utilities and PSUs may forward the following information to ITMA secretariat, which shall be printed in the forthcoming News Letter for the information of all.

- 1) Any important event in respective areas along with transfer/posting of senior officers of the utilities in the state.
- 2) Any achievement of the ITMA members.
- 3) Invitation of tenders for transformers etc. by the Utilities.
- 4) Any other important news/Notifications/Circulars for the benefit of the transformer industry.

Kindly do the needful and hope to receive favorable response immediately so that we may publish the same in our forthcoming Newsletters.

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