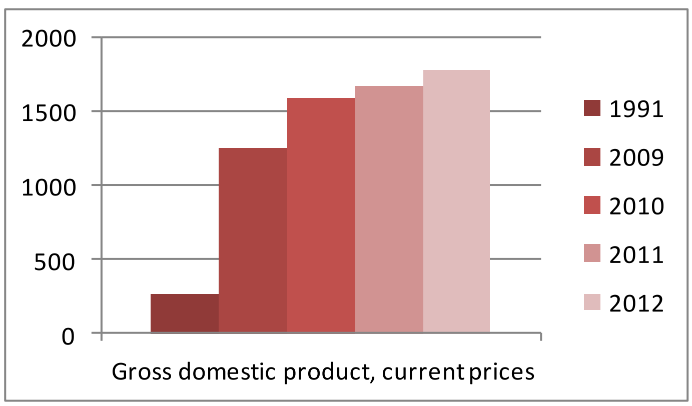
Indian Infrastructure Sector

1. Current Scenario

A fascinating growth story has been unfolding in India over the past two decades. India's GDP has reached from USD 270 billion in 1991 to USD 1780 billion in 2011[1] which making India's economy the 11th largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS.

Country: India
Units: USD Billions

Subject Descriptor	1991	2009	2010	2011	2012
Gross domestic product, current prices	270.00	1,254.00	1,598.00	1,676.00	1,780.00



According to some estimates, India will become the world's third largest economy in 2050[2]. Even with a slower rate of growth during the current global economic downturn, the Indian economy is still expanding significantly and substantial investment in Indian Infrastructure continued to be required in order to sustain and increase the economic growth. The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, is estimated at 6.5 per cent in 2011-12 as compared to the growth of 8.4 per cent during 2010-11. The growth in real GDP is placed at 5.3 per cent in the fourth quarter of 2011-12[3]. The recovery of India Economy was interrupted due to intensification of debt crises in Euro zone, political turmoil in Middle East, rise in crude oil price and earthquake in Japan.

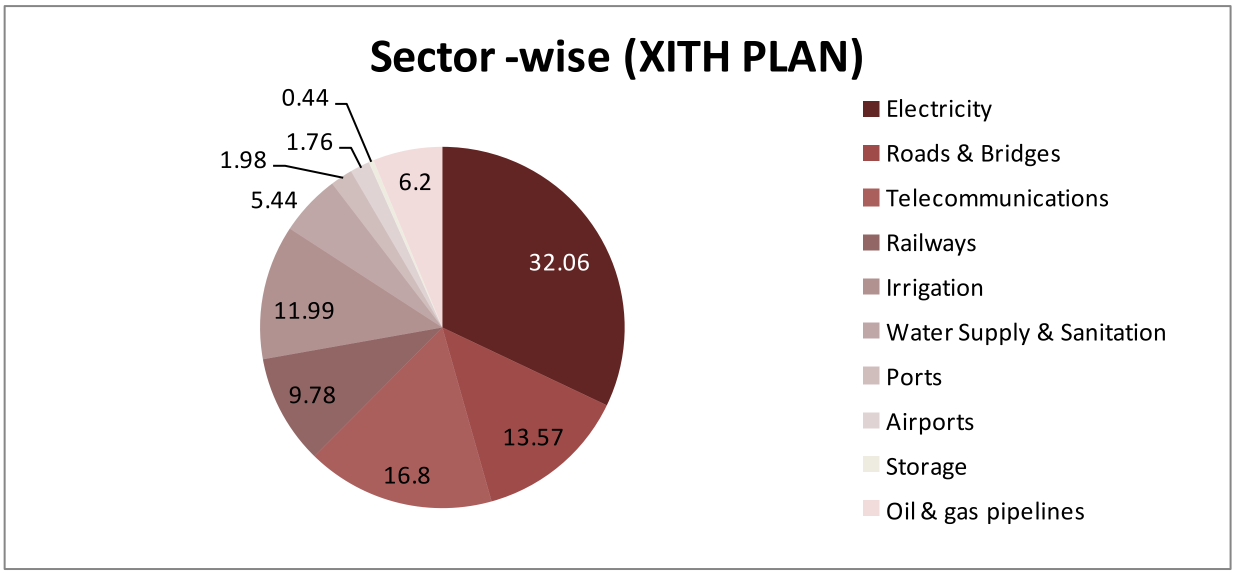
[1] Source: http://www.imf.org/external/data.htm
[2] Source: http://www.goldmansachs.com
[3] Source: http://finmin.nic.in/stats_data

2. Planning Commission and Current size of initiative of the Individual sector

The Indian economy is on the eve of the Twelfth Plan (2012-2017), is characterized by strong macro fundamentals and good performance over the Eleventh Plan period (2007-2012), and though slows recovery in the growth due to inflation and sudden uncertainty about the global economy.

The Eleventh Plan gave a special momentum to several programmes aimed at building rural and urban Infrastructure. A large number of Public Private Partnership (PPPs) projects have started, and many of them are currently operational in both the Centre and the States. The Twelfth Plan must continue the thrust on accelerating the pace of investment in infrastructure, as this is critical for sustaining and accelerating growth.

The graph below gives a break up of sector wise Investment in the Tenth Plan & Eleventh Plan and share of public – private partnership.

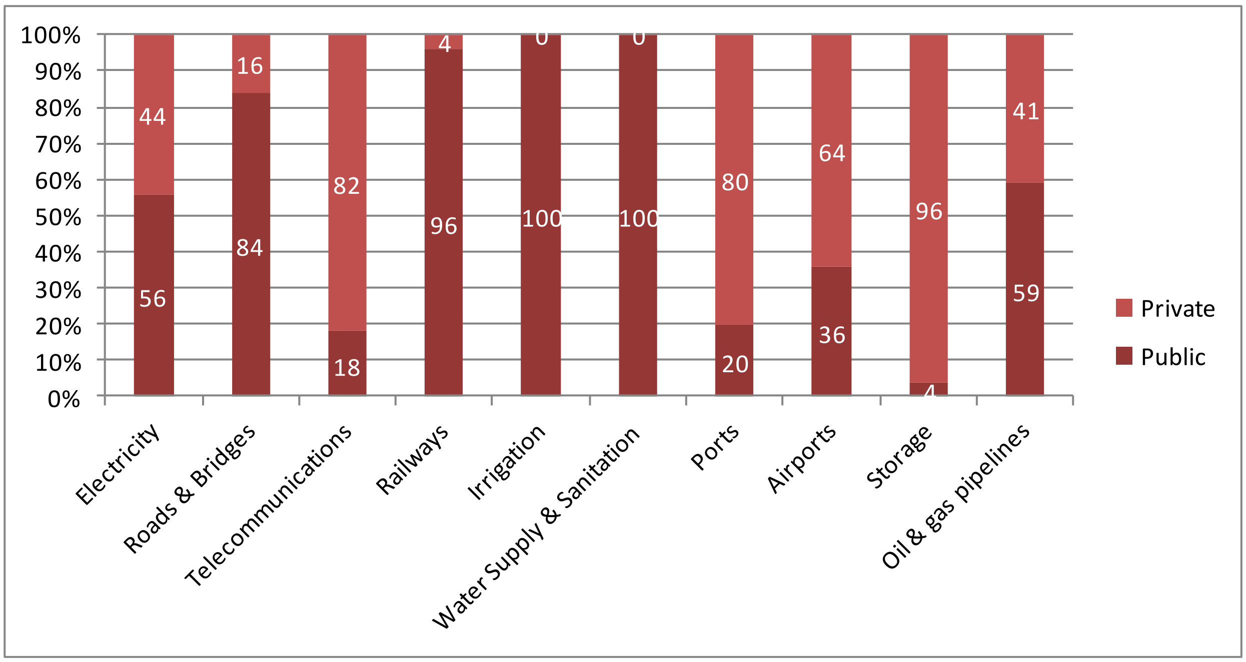


	XTH Five Year Plan		XITH Five Year Plan	
Sector	Original Projection (%)	Actual Investment (%)	Original Projection (%)	Revised Projection (%)
Electricity	33.49	37.55	32.42	32.06
Roads & Bridges	16.63	14.03	15.28	13.57
Telecommunications	11.86	11.25	12.57	16.80
Railways	13.73	11.27	12.73	9.78
Irrigation	12.80	11.78	12.32	11.99
Water Supply & Sanitation	7.44	6.63	6.99	5.44

Ports	1.61	2.54	4.28	1.98
Airports	0.78	0.76	1.51	1.76
Storage	0.55	0.62	1.09	0.44
Oil & gas pipelines	1.11	3.57	0.82	6.20
	100.00	100.00	100.00	100.00

Source: http://planningcommission.nic.in

The graph below gives a breakup of the share of public private partnership in each sector under the Planning Commission XITH Five Year Plan. A quick analyse shows that in Telecom, Ports and Airport, majority of the investment is made by private sector and on the other hand, limited private sector participation is seen in railway, irrigation and water supply projects.



Source: http://planningcommission.nic.in

Table below highlights the individual size of the sector:

Particular	Size of Initiative
Highways	• Extensive road network of 3.3 million kilometers • India is the second largest in the world • Indian roads carry about 61% of the freight and 85% of the passenger traffic • All the highways and expressways together constitute about 66,000 kilometers (only 2% of all roads), whereas they carry 40% of the road traffic • To further the existing infrastructure, Indian Government annually

	spends about Rs.18000 crores (USD 3.704 billion)
Railways	• Indian Railways is the backbone of the socio-economic growth of India. • World's fourth largest rail network and the second largest in Asia, Indian Railways has recently attracted immense global attention due to its successful turnaround to profitability. • Indian Railways has been consistently recording impressive growth rates for the last few years • India Railway has taken up one of the most ambitious annual plans for 2008-09 with huge investment of about USD 7.91 billion. The plan includes a total budgetary support of USD 1.66 billion that includes USD 163.33 million from the Central Road Fund. This much ambitious plan is eying massive profits of more than USD 20.447 billion for the year2008-09.
Ports	• With 12 major ports and 187 minor ports, 7,517 km long Indian coastline plays a pivotal role in the maritime transport helping in the international trade. • Traffic handled at major ports during April 2008 to January 2009 is recorded to be 436686 units. • The ports in India offer tremendous scope for international maritime transport both for passenger and cargo handling.
Airport	• Of a total number of 454 airports and airstrips in India, 16 are designated as international airports. • The Airports Authority of India (AAI) owns and operates 97 airports. A recent report by Centre for Asia Pacific Aviation (CAPA), Over the next 12 years, India's Civil Aviation Ministry aims at 500 operational airports. • The Government aims to attract private investment in aviation infrastructure. India has been witnessing a very strong phase of development in the past few months. • Many domestic as well as international players are showing interest in the growth and development of the aviation sector with immense focus on the development of the airports. Indian private airlines Jet, Sahara, Kingfisher, Deccan, Spicejet - account for around 60% of the domestic passenger traffic. • Some have now started international flights. For the next years to come India is poised with strong focus on the development of its airport to meet the international standards. • The government is planning modernization of the airports to establish a standard. The newly developed airports will help releasing pressure on the existing airport in the country.
Power	The total installed capacity in India is calculated to be 145,554.97 mega watt, out of which 75,837.93 mega watt (52.5%) is from State, 48,470.99 mega watt (34%) from Centre, and 21,246.05 mega watt (13.5%) is from Private sector

initiative.

- Generation capacity of 122 GW; 590 billion units produced (1 unit = 1kwh) CAGR of 4.6% over the last four years
- India has the fifth largest electricity generation capacity in the world Low per capita consumption at 606 units; less than half of China
- Transmission & Distribution network of 5.7 million circuit km the 3rd largest in the world
- Coal-fired plants constitute 57% of the installed generation capacity, followed by 25% from hydel power, 10% gas based, 3% from nuclear energy and 5% from renewable sources

3. Legislative & Regulatory Bodies

India is a secular state and the largest democracy in the world with a parliamentary form of government. The Government of India (Union of India) was established by the Constitution of India in 1950.

The Government of India is always committed to improving the level and the quality of infrastructure across the country. In pursuance of the goal and targets of the five year plans, the Government envisages a substantive role for Public Private Partnership (PPPs) as a means for harnessing private sector investment and operational efficiencies on the provision of public asset and services.

As far as the decision making bodies for the infrastructure sector are concerned, center and state has the following:

Centre – Planning / Policy making body	Planning Commission, Cabinet Committee on Infrastructure, the Department of Economic Affairs and the Public Private Partnership Approval Committee
State– Planning / Policy making body	State Planning Departments, as well as PPP agencies.

Similarly, we have the following Regulatory Bodies at the Centre Level:

Roads	Ports	Airports	Power	Education
• National Highway Authority of India	• Tarrif Authority for Major Ports	• Airports Economic Regulatory Authority • Directorate General of Civil Aviation	• Central Electricity Rgulatory Commission	• Ministry of Human Resource Development

Statues

The regulatory framework that has emerged in the infrastructure sectors is characterized by the establishment of independent regulatory commissions. The table below shows the list of applicable statues under relevant sector:

Sector	Relevant Statutes
Transport • Roads • Rail • Airports • Ports	• National Highways Act of India, 1998 • Central Road Fund Act, 2000 • The Control of National Highways (Land and Traffic) Act, 2002 • Indian Railway Board Act, 1905 • Railways Act, 1989 • Aircraft Act, 1934 • Airports Authority of India Act, 1994 • Air Corporations (Transfer of Undertakings and Repeal) Act 1994 • Indian Ports Act, 1908 • Major Port Trusts Act, 1963
Energy • Power • Oil and Gas • Coal and Lignite	• Electricity Act, 2003 • Petroleum and Natural Gas Regulatory Board Act, 2006 • Petroleum Act, 1934 • Oilfields (Regulation and Development) Act, 1948 • Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 • Coal Bearing Areas (Acquisition and Development) Act 1957 • Mines and Minerals (Regulation and Development) Act 1957 • Coal Mines Nationalization Act, 1973 • Coal Mines Conservation and Development Act, 1974
Communication • Posts • Broadcasting • Cable TV • Telecom and Internet	• Communication Convergence Bill, 2001 • Indian Post Office Act, 1898 • Prasar Bharati (Broadcasting Corporation of India) Act, 1990 • Sports Broadcasting Signals (Mandatory Sharing with Prasar Bharati) Act 2007 • Cable Television Networks Regulation Act, 1995 • Telecom Regulatory Authority of India Act, 1997 • Indian Telegraph Act 1885 • Indian Wireless Telegraphy Act 1933 • Information Technology Act 2000

4. Public Private Partnership (PPP)

Public Private Partnership (PPP)[4] means an arrangement between a government / statutory entity / government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative.

Public Private Partnerships (PPPs) are increasingly becoming the preferred mode for construction and operation of infrastructure projects, both in developed and developing countries. PPPs are expected to augment resource availability as well as improve efficiency of infrastructure service delivery.

This approach has contributed significantly to the recent strides in rolling out a large number of PPP projects in different sectors. India has 1,017 PPP projects accounting for an investment of Rs. 486,603 crore. According to the Private Participation in Infrastructure database of the World Bank, India is second only to China in terms of number of PPP projects and in terms of investments, it is second to Brazil.

Transport is the dominant PPP sector in India both by number of projects and investments, mainly due to the large number of road sector projects. Further efforts are needed to mainstream PPPs in several areas such as power transmission and distribution, water supply and sewerage and railways where there is significant resource shortfall and also a need for efficient delivery of services. Similar efforts would also need to be initiated in social sectors, especially health and education.

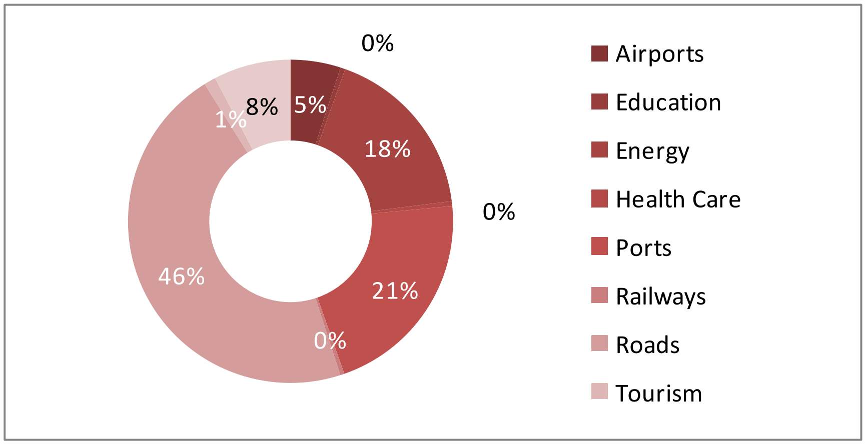
The Government has also been emphasizing the need to explore the scope for PPPs in the development of the social sectors like health and education.

[4] Source: http://www.pppinindia.com

Some of the major PPP projects undertaken thus far are: Delhi, Mumbai, Hyderabad and Bengaluru airports; four ultra-mega power projects at Sasan (Madhya Pradesh), Mundra (Gujarat), Krishnapatnam (Andhra Pradesh) and Tilaiya (Jharkhand); container terminals at Mumbai, Chennai and Tuticorin ports; 15 concessions for operation of container trains; Jhajjar power transmission project in Haryana and 298 National and State Highway projects.

SECTOR WISE FIGURES			
Sector	Total Number of Projects	Value of contacts (in crore)	Value of contacts (%)
Airports	5	19111	5%
Education	17	1,849.70	0%
Energy	56	67,244.60	18%

Health Care	8	1,833.00	0%
Ports	61	81,038.20	21%
Railways	4	1,569.60	0%
Roads	405	176,724.90	46%
Tourism	50	4,486.10	1%
Urban Development	152	29,475.00	8%
Total	**758**	**383,332.10**	100%



5. Source of funds

Infrastructure projects are normally complex, capital intensive, and have long gestation periods which involve multiple and often unique risks to shareholders, project financiers, project sponsors and government agencies. Due to its non-recourse or limited recourse financing characteristic (i.e., lenders can only be repaid from the revenues generated by the project), and the scale and complexity, infrastructure financing requires a complex and varied mix of financial and contractual arrangements amongst multiple parties including the project sponsors, commercial banks, domestic and international financial institutions (FIs), and government agencies. The risk assessment for a project and its allocation will depend on the conditions including the type and location of the project, the sector, feedstock supply and off-take arrangement, the proposed technology, government policies etc.

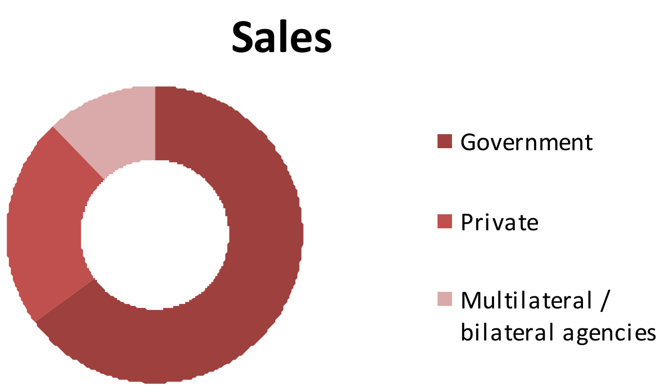
The following table summarizes the available financing sources in infrastructure:

Financing Sources for Infrastructure Projects	
Domestic Sources	**External Sources**
Equity • Domestic investors (independently or in collaboration with international investors) • Public utilities • Dedicated Government Funds • Other institutional investors	Equity • Foreign investors (independently or in collaboration with domestic investors) • Equipment suppliers (in collaboration with domestic or international developers) • Dedicated infrastructure funds

	• Other international equity investors • Multilateral agencies
Debt • Domestic commercial banks (3–5 year tenor) • Domestic term lending institutions (7–10 year tenor) • Domestic bond markets (7–10 year tenor) • Specialized infrastructure financing institutions such as Infrastructure Debt Funds	Debt • International commercial banks (7–10 year tenor) • Export credit agencies (7–10 year tenor) • International bond markets (10–30 year tenor) • Multilateral agencies (over 20 year tenor)

Source: Asian Development Bank: Proposed Multitranche Financing Facility India: India Infrastructure Project Financing Facility, November, 2007

In pursuance of the goal of infrastructure development, an investment of over USD 500 Billion is envisaged in various infrastructure sectors over XITth Five Year Plan (2007-2012). The Planning Commission reckons that government funds should be augmented with private sector investment in Government sector. Government funding is envisaged to contribute 65 %, private sector funding is expected to contribute 23% and remaining i.e., 12% will come from multilateral / bilateral agencies[5].



[5] Source: http://www.crisil.com (Funding Infrastructure)

6. Key Player – Domestic and International

Following are the some major key players in the infrastructure sector:

Sector	Key Players
Highway	Reliance Energy, Larsen and Toubro Ltd, Jaiprakash Associates Ltd (JAL), Lanco Infratech, Berhad (Malaysia), Emirates Trading Agency (Dubai), the Isolux Corsan Group (Spain), Italthai (Thailand), Baelim (Korea), Dyckerhoff (Russia), Widmann AG (Germany), IJM Corporation, SDN and Road Builders (Malaysia), Kajima and Taisei (Japan)

Ports	ABG Shipyard, Adani group, Larsen and Toubro Ltd, Shipping Corporation of India (SCI), Great Eastern (GE), Essar
Telecom	Bharti Televentures, Reliance Infocomm, Tata Indicom, BSNL, IDEA Cellular, Vodafone, Singapore Telecom, Warburg Pincus
Power	NTPC, National Hydro Electric Power Corporation, Nuclear Power Corporation, Tata Power, RPG Group – CESC, Reliance Energy, China Light and Power (CLP), Marubeni Corporation

7. Challenges in Implementation of the Infrastructure projects

Our past discussions with stakeholders, policy makers, banks, construction and related agencies highlighted the following challenges while implementing the infrastructure projects:

Challenges in the tendering phase affect viability of projects and delaying in implementation	Construction phase beset with over-runs dispute
1. Quality of planning and engineer design is poor 2. Tendering unviable project is common 3. Contract in use are inappropriate 4. Pre-tendering approval process is centralized and slow	1. Land acquisition delay are common 2. Dispute resolution process are ineffective 3. Performance management is weak 4. Availability of skilled and semi-skilled manpower is insufficient

8. Foreign Direct Investment

The administrative and compliance aspect of FDI including the instruments of Foreign Investment in an Indian Company are embedded in the FDI Regulations prescribed and monitored by RBI. The Government issued a consolidated FDI Regulation vide Circular 1 of 2012 dated 31st March' 2012 effective from 1st April' 2012.

The FDI Regulations list the sectors under the Automatic Route, Prior Approval Route and Prohibited list. Sectors falling under wither Automatic Route and / or Approval Route:

Sector	Sub Heading	Automatic	Approval
Airports	• Greenfield	100	-
	• Existing	74	Up to 100
Air Transport services	• Scheduled	49 (NRI 100)	-
	• Non-scheduled / chartered and cargo airlines	49	Up to 74
	• Helicopter services/ seaplane services	100	-

Civil Aviation Services	• Ground handling services • Maintenance and repair organization, flying training institutes and technical training institution	49 100	Up to 74 -
Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities		-	100
Petroleum and natural gas	• Private sector (Exploration / Refining) • Public Sector Undertaking (Refining)	100 -	- 49
Telecom	• Basic, cellular services unified access services, value added and other specified services • ISP with or without gateways, radio paging, end to end bandwidth • Infrastructure provider (specified) electronic mail and voice mail	49 49 49	Up to 74 Up to 74 Up to 100
Power	• Power including generation (except atomic energy), transmission, distribution and power trading	100	-

9. Opportunity – Infrastructure Sector

Projected demand-supply scenario for the individual sectors highlights the fact that India has been and will remain a supply constrained economy in the foreseeable future in terms of access to infrastructure. Hence, substantial investments (domestic and international) will have to be made to increase the existing capacities in order to meet the projected demand for creation of manufacturing and industrial infrastructure. Some representative demand and supply projections have been listed below:

Sector	Particular
Power	Power requirement in India registered a growth of 3.7% during 2010-11, which led to a 8.5% energy shortage (73,236 MU). Peak demand for power registered a growth of 2.6% during 2010-11, resulting in 12,031 MW of power shortage (at 9.8% of the total requirement). Given the existing peak and energy shortages, additional capacity of 1,00,000 MW has been envisaged during the 12th five year plan.
Roads	In line with 9% annual economic growth, annual growth in passenger traffic is projected to increase at 12%-15% and for cargo traffic, 15-18% of annual growth has been envisaged. Given that 65,590 km of National Highways (only 12% 4-laned and 50% 2- laned) comprises only 2% of the aggregate road network and carries 40% of traffic, the case for rapid construction and

	upgradation of roads and highways to meet the growth going forward is evident.
Ports	Port sector is also poised to grow with the increase in international trade volume and the expected growth is projected at 15.5% (CAGR) over the next 7 years. Taking cognizance of inadequate berths handling requisite trade volume, the 11thfive plan year targeted setting up minor ports (345 mn MT) as well as container terminals, dry-bulk and liquid handling facilities in the major ports, of which 50% is likely to be completed during the 11thfive year plan.
Airports	With the increase in economic activity, aircraft passenger traffic movement is expected to increase by at a CAGR of over 15% in the next 5 years, while air cargo traffic is envisaged to grow at over 20% per anum over the next five years. Given the constraints in existing airport infrastructure in terms of runways, aircraft handling capacity, parking space and terminal building, the 11th five year targeted modernization of the airport infrastructure in metro airports as well as 35 non-metro airports to meet the increasing traffic demand. In addition there exist many mid-sized tows of strategic and commercial importance, which are scheduled to be provided air connectivity in the 12th five year plan.
Railways	Freight traffic has increased at a compound annual growth rate (CAGR) of 7.4% between 2005–06 and 2009–2010, while passenger traffic has increased at a CAGR of 6.7% during the same period. Considering that the slow average speed of rakes impacts the efficiency of rail freight transport, dedicated fright corridors are targeted to be introduced during 11th five year plan and going forward. Further, inadequate rail connectivity linking ports as well as remote places has necessitated expansion of railway network (8132 km new line in 11th five year plan) in 12th five year plan.

Source: www. dipp.nic.in

Projected Investments in Indian Infrastructure Sector in the 12th Five Year Plan (2012-17)

Given the envisaged demand supply mismatch in key infrastructure sectors, Planning Commission of India had estimated investment requirement in the Infrastructure sector amounting to INR 41 lakh[1] crore (~USD 1.02 trillion[2]) for 12th five year plan (2012-17) period, as compared to an estimated investment of Rs. 21 lakh crore (~USD 500 billion) for the 11th five year plan (2007-12). This projection was made during the Mid-term Appraisal of the 11th Plan assuming a target GDP growth rate of 9% set for the 12th five year plan period, which would also warrant an increase in investment in infrastructure

[1] 1 lakh = 100,000

[2] Assuming USD-INR exchange rate of 1 USD = 40 INR

from the level of about 8% of GDP in 2011-12 (terminal year of 11th five year plan) to about 10% in 2016-17 (terminal year of 12th five year plan).

Table: Projected Investment in Infrastructure during the Twelfth Five Year Plan (2012-17)

Year	**2011-12 (Base Year)**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**Total 12th Plan**
Infrastructure Investment (INR crore)	528,316	619,429	712,688	809,538	918,049	1,039,535	4,099,240
Infrastructure Investment (USD bn)	132	155	178	202	230	260	1,025
Infra Investment as % of the GDP	8.37	9.0	9.5	9.9	10.3	10.7	9.95
Rate of growth of GDP (%)	9.0	9.0	9.0	9.0	9.0	9.0	9.0

Note:

- The above table is prepared based on 2006-07 prices
- USD figures are calculated assuming 1 USD = 40 INR

Atleast 50% of the planned investment target of USD 1.02 trillion is expected to come from the private sector, balance to be contributed by the Government sector[3]. However, in the wake of the recent global financial crisis and some regulatory uncertainty for India among the global investment community, industry experts are estimating a funding shortfall of about 30% in the targeted investments that will flow into the Indian infrastructure sector in the 12th five year plan period (2012-17). The target of USD 1 trillion will also take a hit because of two fundamental shifts – the rise of the dollar, as well as the revision in India's GDP growth estimates from the planned 9% year-on-year.

10. Direct / Income Tax

In India, the Income Tax Law is governed by the Income Tax Act 1961 ('Income Tax Act'). The Indian Constitution has empowered only the Central Government to levy and collect taxes. Every person whose total income / profit shall be chargeable to the income tax at the rate or rates prescribed in Income Tax Act.

The 'Tax Year' (known as financial year) in India runs from 1st April to 31st March. The 'Previous Year' basis of assessment is used, that means any income pertaining to the 'Tax Year' is offered to tax in the following year (known as assessment year).

Effective Tax Rates

Following are the effective tax rates:

[3] Government sector contributed 75% in 10th five year plan and 63% in the 11th five year plan

Particular	2011-2012
Corporate Tax Rate – Domestic Company	32.445 %
Corporate Tax Rate – Foreign Company	42.024 %
Dividend Distribution Tax	16.223 %

Presumptive basis of taxation

Foreign companies engaged in the certain specified business activities are subject to tax on presumptive basis. The activities taxed on a presumptive basis along with the basis of taxation are set out below:

Activity	Basis of taxation	Effective Rate
Oil & gas services	Deemed profit of 10% of revenue	4.202
Execution of certain turnkey contracts	Deemed profit of 10% of revenue	4.202
Air Transport	Deemed profit of 5% of revenue	2.101
Shipping operations	Deemed profit of 7.5% of revenue	3.152

Tax holiday in respect of infrastructure projects

Undertakings engaged in a prescribed infrastructure projects are eligible for a consecutive 10 year tax holiday as set out below:

- A 10 year tax holiday in a block of 20 years has been extended to undertaking engaged in developing / operating and maintaining / developing, operating and maintaining any infrastructure facility such as road, bridges, rail system, highway projects including housing or other activities being an integral part of the project, water supply projects, water treatment system, irrigation projects, sanitation and sewerages systems or solid waste management system; and

- A 10 year holiday in a block of 15 years has been extended to undertaking involved in the developing / operating and maintaining / developing, operating and maintaining, ports, airports, inland waterways, inland ports or navigational channel in the sea.

Tax holiday in respect of Power projects

Undertakings engaged in prescribed power projects are eligible for a consecutive 10 year tax holiday as set out below:

- A tax holiday of 10 years in a block of 15 years has also been extended to the undertakings set up before 31st March 2013 with respect to the following:
    - Generation / generation and distribution of power, laying the network of new lines for transmission or distribution, undertaking a substantial renovation (more than 50%) and modernization of the existing network of transmission or distribution lines.

11. Finance Bill 2012

The Finance Bill has proposed the following amendment or introducing key policies in relation to infrastructure sector:

Key Policy

- During Twelfth Plan period, investment in infrastructure to go up to INR 50,000 billion with half of this, expected from private sector
- Government has approved guidelines for establishing joint venture companies by defence PSUs in PPP mode
- Tax free bonds of INR 600 billion to be allowed for financing infrastructure projects in 2012-13
- ECB to be allowed for capital expenditure on maintenance and operation of toll system for road and highways, if they are part of original project
- ECB has been permitted for financing the rupee debt of existing power project
- ECB to be permitted for working capital requirement of airline industry for a period of one year, subject to a total ceiling of USD1bn
- Proposal for allowing 49% equity participation by foreign airlines under active consideration but not announced in the budget

Direct Taxation

- To provide low cost funds to stressed infrastructure sectors, rate of withholding tax on interest payment on ECBs proposed to be reduced from 20 percent to 5 percent for 3 years for certain sectors
- Removal of cascading impact of DDT
- Benefit of initial depreciation at the rate of 20 percent in addition to normal depreciation extended to entities engaged in the business of generation or generation and distribution of power
- Sunset date for being eligible to claim tax holiday by power generating, distributing or transmitting companies extended by one more year to 31 March 2013

Indirect Taxation

- Exemption from BCD for Liquefied Natural Gas and Natural Gas, if imported by a power generating company
- Exemption from BCD extended to coalmining projects
- Exemption from ADC on all items of machinery including prime movers, instruments etc. and components required for setting up of a solar thermal power generation project or facility
- Exemption extended to parts and testing equipment for maintenance, repair and overhaul of aircraft, tyres used in aircraft subject to specified conditions
- Exemption from custom duty on new and retreated aircraft tyres
- Exemption from custom on parts and testing equipment by a third party maintenance repair and overhauling facility for aircraft