

Rs 13k cr scam in national solar plan, claims CSE

By Gautam Pingle

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NEW DELHI: In violation of norms laid down by the government, a single company, [Lanco Infratech](#) has allegedly cornered 40% of the contracts bid out for the first phase of the National Solar Mission, garnering 235 mw worth projects with assured revenue of Rs 13,000 crore over the next 25 years including a large subsidy that the consumers will end up paying.

Delhi-based [Centre for Science and Environment](#) on Wednesday released documents showing how the company allegedly created fronts to side-step the rules and win much more than the 105 mw worth contracts it was legally allowed to.

The [Jawaharlal Nehru National Solar Mission](#) is meant to install 20,000 mw of grid-connected [solar power](#) by 2022. In its first phase, 1,000 mw worth of projects were to be bid out by 2013. In the first batch of the bidding process, 150 mw of solar PV plants and 470 mw of solar thermal power plants were bid out with no company (including its affiliates, subsidiaries etc) permitted to bid for more than 5 mw of solar PV and 100 mw of solar thermal each.

"These guidelines were blatantly flouted by Lanco Infratech. This company floated front companies and grabbed no less than nine projects worth 235 mw. This is about 40% of the 620 mw worth of projects auctioned by the government during the first batch of the first phase of the Solar Mission," CSE said.

The documents released by CSE showed that the companies' balance sheets were beefed up just in time to meet the bid requirements. The final date was also delayed to adjust one particular case. The bids were almost identical with a 5 paise difference in the discount rate proposed.

CSE said besides the two disclosed Lanco group companies, "all (other) seven companies had Rs 1 lakh or Rs 10 lakh in equity, no assets or reserves from the past; all were created for the bidding process; all companies increased their authorized amount of shares and then issued preference shares on the same day (December 31, 2010); the shares did not go to Lanco directly, but showed up in its annual report. Then all Lanco and front companies bid for the PV projects in a unified fashion, quoting similar tariffs with 5 paise jump between each bid."

CSE gave details of how project reports of all projects were identical and the land agreements for the legally distinct and differently owned projects were signed with the government by one person - a Lanco employee. It claimed that seven more companies besides those shown as bidders had direct links with Lanco -- "some had Lanco employees and their family members as directors, while others have strong commercial ties to the company. Lanco's own annual report indicates that all the seven are firmly in its control".

Six of these companies initially proposed one site and the two proposals for solar thermal were proposed at one site. But the eventual site for all none projects ended up contiguous to each other in one single village Askandra in Jaisalmer. Lanco also got the Engineering Procurement and Construction contract for all the projects.

While the ministry of new and renewable energy is the regulatory ministry, the entire operation comes under a subsidiary of [NTPC](#) -- NTPC Vidyut Vyapar Nigam Limited (NVVN).

When contacted, MNRES secretary Girish Pradhan told TOI, "The entire process is being done by NVVN, we only set the rules. Now that the information has come out, we will investigate it in depth and no violation or deviation from norms will be tolerated."

NVVN provided a statement to TOI which said, "There is no bar in the guidelines for a company to be EPC contractor in more than one project. After signing the power purchase agreements, we noted that controlling shareholding in some of the companies appeared to have changed which was in violation of guidelines. After obtaining legal opinion on the issue, we issued notice of default to such companies. Companies stated that they had not violated the provisions of guidelines and it was a matter of interpretation. However, in order to resolve the issue, the concerned companies finally rectified the default."

NVVN refused to reveal the name of the companies that were found in violation of the bidding rules or where it had got the legal advice from.

Lanco said it "objected to" CSE's statements which it claimed were "wrongly perceived" and not cross-checked with the company. CSE said it had repeatedly tried to solicit comments from the company.

Lanco further said, "Lanco Group has equity participation in few of the companies that have won the National Solar Mission projects in 2010. Equity participation of Lanco is within the permissible levels. The bidders who Lanco supported were able to bid at one of the lowest tariffs as Lanco provided them the latest technology and complete EPC solutions for the projects. As the power purchase agreement (PPA) for these projects are for a period of 25 years, Lanco's equity participation in these projects also brings confidence to the bidder to use our technology and EPC solutions in arriving at such a competitive tariff."

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