

Preface

The Audit Report has been prepared for submission to the President of India under Article 151 of the Constitution of India.

The Report contains the results of the Performance Audit of 'Ultra Mega Power Projects under Special Purpose Vehicles' with focus on the effectiveness and transparency in award of Ultra Mega Power Projects (UMPPs) to the Developers. Ministry of Power (MOP) prescribed the Special Purpose Vehicle route and designated Power Finance Corporation Limited (PFC), a financial institution under the administrative control of MOP, as the Nodal Agency to carry out preliminary activities and undertake the bidding process for identifying the Project Developer. The first audit was conducted during January 2009 to September 2009 and the significant issues, based on the audit of records of Ministry of Power and Power Finance Corporation Limited, were flagged to the Management as well as the Ministry of Power. Since Empowered Group of Ministers (EGOM) was constituted to take crucial decisions concerning UMPPs, audit was again conducted in MOP/PFC wherein action taken by Management/MOP (including EGOM) on the issues pertaining to four awarded UMPPs was examined in August – September 2011. The draft Report was issued to the Ministry of Power, in October-November 2011. The Report has been finalised after considering the response of the Ministry received in December 2011, January 2012 and March 2012 and the views expressed during the Exit Conferences held in February and March 2012.

Audit wishes to acknowledge the cooperation received from Power Finance Corporation Limited and the Ministry of Power at each stage of the audit process.