

[Print](#)[XClose](#)

**Press Information Bureau  
Government of India  
Cabinet**

13-July-2016 15:54 IST

---

**Cabinet approves the Revised Cost Estimate of Punatsangchhu-II Hydroelectric Project in Bhutan**

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for Revised Cost Estimate (RCE) of Rs. 7290.62 crore for the ongoing 1020 MW Punatsangchhu-II Hydroelectric Project (HEP) in Bhutan. The total cost escalation for the project, at this stage, is Rs.3512.82 crore.

The Project will provide surplus power to India and thus augment power availability in the country and would enable project works to proceed smoothly without interruption.

**Background:**

The bilateral agreement to execute the Punatsangchhu-II HEP was signed between India and Bhutan in April, 2010 at the approved cost of Rs. 3777.8 crore (March 2009 price level) with funding by Government of India as 30% grant and 70% loan at 10% annual interest to be paid back in thirty equated semi-annual instalments.

The factors behind cost escalation are due to inflation from March 2009 to March 2015, change in surface power house to underground power house, increase in capacity from 990 MW to 1020 MW, additional requirements due to Bhutan's National Transmission Grid Master Plan and adverse geological condition encountered during the project.

\*\*\*\*\*

AKT/VBA/SH