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**Press Information Bureau  
Government of India  
Cabinet**

23-March-2016 16:20 IST

**Revised Cost Estimate of the Mangadechhu Hydroelectric Project in Bhutan**

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval to Revised Cost Estimate (RCE) of Rs. 4020.63 crore for the ongoing 720 MW Mangadechhu Hydroelectric Project (HEP) in Bhutan.

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

The bilateral agreement to execute the Mangdechhu HEP was signed between India and Bhutan in April, 2010 at the approved cost of Rs. 2896.3 crore (March 2008 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 total cost escalation for the project, at this stage, is Rs.1124.359 crore.

The factors behind cost escalation to the RCE are due to inflation from March 2008 to March 2014, construction of cut-off wall against permeation grouting upstream coffer dam, exchange rate variations and other causes, etc.

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VBA/SH