

Supply of Liquid fuel to IPPs

*322. SHRI C. RAMACHANDRAIAH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the allocations made to various States consequent to liquid fuel policy for Independent Power Producers;

(b) whether it is a fact that M/s Hassan Power Company, Karnataka has been granted linkage outside the purview of the new policy and over and above the State's quota of 1160 MW; and

(c) if so, whether Government are extending the same facility to other needy States?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI K. RAMAMURTHY): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) The State-wise allocation of liquid fuels for power generation capacity under the Liquid Fuels for Power Policy is given below:—

Sl. No. State/U.T. Allocation of liquid fuels

	Capacity Quantity (in MW) of fuels	
	(Naphtha/ FO/ LSHS) TMPTA	
1. Andhra Pradesh	1328.10	1674.980
2. Goa	40.00	50.000
3. Gujarat	561.70	703.560
4. Haryana	861.46	1132.430
5. Karnataka	1197.40	1518.109
6. Kerala	727.00	908.750
7. Madhya Pradesh	1300.01	1674.330
8. Maharashtra	807.20	916.000
9. Manipur	40.00	50.000
10. Pondicherry	45.00	56.250
11. Rajasthan	1415.00	1782.300
12. Tamil Nadu	808.01	1030.200
13. Uttar Pradesh	1155.00	1443.000
TOTAL	10285.88	12939.909

(b) Yes, Sir. M/s Karnataka Breweries had been given fuel linkage for their 200 MW power plant at Hassan in Karnataka outside the capacity allocated to the State.

(c) In the meeting of the High Powered Board held on 1.7.1998, the following modifications, inter alia, in the Liquid Fuel Policy for Power Plants have been approved:—

(i) The existing ceiling capacities allocated to various States would apply only to Naphtha. This would be in addition to the FO/LSHS linkages already given.

(ii) States would, however, be free to contract for new power projects on FO beyond the existing linkages. Taking into account the environmental implications, it will be mandatory for such new FO based power plants beyond the existing linkages to use Integrated Gasification Combined Cycle (IGCC) technology, or any other technology that would bring sulphur content to within acceptable limits.

(iii) Already, LSHS is on OGL and this freedom would be extended for non-traditional fuels like condensate and orimulsion subject to actual user condition.

(iv) However, there would be no obligation for Oil PSUs to give fresh linkages for any new projects, except naphtha based projects within a ceiling of 12000 MW and projects based on other fuels for which linkages have already been issued.

The modified policy enables State Governments to promote power plants on fuels other than Naphtha without any quantitative restriction.

SHRI C. RAMACHANDRAIAH: Sir, the Liquid Fuels Power Policy was announced in December 1996. After the announcement of the Liquid Fuel Policy, when the allocation was made to various States, the State of Andhra Pradesh was

allocated 1,500 megawatts out of which 1,300 megawatts has been specified as Naphtha and 200 megawatts as other fuel oils. Our contention is that we have made a representation to the Government of India with respect to the A.P. Gas Power Corporation prior to the announcement of the Liquid Fuel Policy. The Corporation had commissioned its first plant in 1991 and for the purpose of expansion, it has requested for another 178 megawatts. What I am trying to ascertain from the Minister is whether the State of Karnataka has been granted linkage outside the purview of the new policy over and above the State's quota. If so, whether the Government would extend the same facility to other States also and whether the required 178 megawatts fuel linkage will be given to the projects which are held up in the State of Andhra Pradesh, that is, the Ispat Nigam and the Nagarjuna Constructions.

Secondly, most of the projects based on the liquid petroleum gas are being located in and around the Coastal belt. As the House is aware, the transportation cost of fuel is very high. Even after announcing the State-wise allocation of liquid fuels for power generation capacity under the Liquid Fuels for Power Policy of 12,000 megawatts, the Ninth Plan projection is not even 50 per cent, the units are not in a position to utilise the fuel linkage. Why can't the Government take up these projects on priority basis and had them over to those organisations which are in a position to commission them?

SHRI K. RAMAMURTHY: Mr. Chairman, Sir, the hon. Member has put a question with regard to the liquid fuel policy. Sir, this policy has been revised very recently in the month of July by the Petroleum Ministry and the Power Ministry in consultation with the Planning Commission. We have accepted the requirement of 12,000 megawatts of fuel supply of the Power Ministry, particularly, the Naphtha. I am glad to know that the hon. Member has put a question

about the requirement of the State of Andhra Pradesh. The requirement of the State Government of Andhra Pradesh has already been accepted. This acceptance of allocation of APGPCL has been granted outside the quota of 12,000 megawatts. Apart from this, as per the present liberalisation policy, Naphtha is no more in the regulated price item of the Petroleum Ministry. However, if anybody wants to import outside the quota of 12,000 megawatts, they have to import it only for the petro-chemicals and other connected chemical usage. With regard to power, it should be only for the sanctioned Capacity and through the Ministry and also with the permission of the Commerce Ministry. Sir, with regard to Naphtha allocation, you will be surprised to know that the previous allocation has been used only by four parties out of the total 94 parties which have signed an agreement on the use of liquid fuels for power generation. Out of the total 94 parties, only these four have made the financial closure. This is the position. The availability is at the command of nearly 94 parties which have already been allotted naphtha and F.O./LSHS in the different States. We are not interfering. There is surplus naphtha in their hands in different States; they can use it, Sir.

SHRI C. RAMACHANDRAIAH: Sir, I have not got the answer. The State of Andhra Pradesh has been allocated 1500 megawatts. Now the reply that was circulated to us indicates: "On 17.7.1998, in the meeting of the High Powered Board, the modifications in the Liquid Fuel Policy for Power Plants have been approved." We are happy that the existing ceiling capacities allocated to various States would apply only to naphtha. Sir, still 172 MW fuel linkage has to be given to any of the projects in Andhra Pradesh. My request is that those 172 megawatts should be given to the existing power plants which have already applied. The projects have been given letters of intent and they are pending for execution. For

example, Ispat was given a linkage of 260 MW. Because of the non-linkage of 200 MW, the project is held up, and same is the case with Nagarjuna Constructions which was given a letter of intent, with an assurance that naphtha linkage would be given, but they are still requesting for non-naphtha oil. Even fuel oil can be given. So, my question is: Why should there be a delay? When the policy is very clear, why are they holding up these linkages to be given to the needy States like Andhra Pradesh?

MR. CHAIRMAN: That is all.

SHRI K. RAMAMURTHY: Mr. Chairman, Sir, I have to inform the hon. Member that before we make our naphtha allocations to different States, the allocations are being made keeping in view the requirements of different States, and that is being done in consultation with the States and the Ministry of Power. We are not allocating that in an arbitrary manner. The allocation of naphtha for power generation capacity for Andhra Pradesh is 1328.10 MW. We have allocated them naphtha of 1674.980 TMTPA. Sir, as I said earlier, before the High Powered Board took a decision, there had been allocations made in this regard. The allocations were not used by the parties. It is for the States to cancel the quota of those parties which are not using naphtha, and they can give it to other parties, and particularly, with regard to two companies, which the hon. Member has mentioned here, Ispat and Nagarjuna, I have already asked the Chief Minister to allocate naphtha to them from the quota of parties which have not used it. What more does the hon. member want?

MR. CHAIRMAN: Shri S.M. Krishna.
...(Interruption)....

SHRI C. RAMACHANDRAIAH: Sir, he has not answered my question.

MR. CHAIRMAN: No, no: your second question is over ...*(Interruption)*... That he has answered. That is all right. ...*(Interruption)*... No, no, no. That is all

right. ...*(Interruption)*... Please sit down. ...*(Interruption)*... Please sit down, please sit down, please sit down. ...*(Interruption)*... Please sit down. ...*(Interruption)*...

SHRI S.M. KRISHNA: I will supplement your question. Mr. Chairman, Sir, the hon. Minister has just mentioned that out of 94 parties which were allocated this fuel, only four have made the financial closure. Sir, the House is really concerned that when darkness is going to descend on us because of the severe power shortage in the entire country, it is not necessarily restricted to any single State. I think, the whole country is reeling under the power shortage and power crisis. Now with the lethargy of the Ministry of Power, both at the Centre and in the States, will the Petroleum Ministry put its foot down and draw a deadline within which, if these agencies do not go ahead with their financial closure, the projects will get set on board? Will the Petroleum Ministry put a deadline so that the States would get some kind of a shock treatment and they would be woken up from their inertia and lethargy?

SHRI K. RAMAMURTHY: Mr. Chairman, Sir, as the hon. member has mentioned, we have made allocation to 117 parties. Out of that 117, only 94 have signed the agreements for fuel supply, that is, naphtha and F.O./LSHS. Only four have achieved the financial closure and the naphtha other fuel which has been allotted to them, has been made available to them. I also feel sorry that the people who have signed the agreements to use naphtha have not fulfilled it. Some of the parties, who have also agreed, are not in a position to fulfil their obligations. If at all any body is in the midway, we can appreciate that. There is no light on the implementation of the power projects. We are concerned about it. We had an inter-ministerial meeting with the Power Ministry. I think the Power Ministry is going to instruct different State Governments about the early financial closure in this matter.

श्री ओंकार सिंह लखावत: सभापति महोदय, राजस्थान की बहुत सी ऐसी परियोजनाएँ हैं जो नाफ्था के समय पर उपलब्ध न करने के कारण उनको प्रारम्भ नहीं किया जा सका। बहुत सी ऐसी फर्मर्स और ऐसे लोग थे जो मना कर रहे थे कि हम इसको चालू करने की स्थिति में नहीं हैं। मैं माननीय मंत्री जी से यह जानना चाहूँगा कि विद्युत मंत्रालय के साथ विदेशी मुद्रा का गारंटी सिस्टम न होने के कारण कितनी परियोजनाएँ हैं, जो अब तक चालू नहीं हो पा रही हैं? राजस्थान की कितनी परियोजनाओं को अब तक, नाफ्था उपलब्ध करा रही हैं और इस वर्ष कितनों के लिए फर्निश ऑयल, ईंधन उपलब्ध करा रहा है?

SHRI K. RAMAMURTHY: Mr. Chairman, Sir, with regard to the country-guaranty, the Petroleum Ministry is not the concerned Ministry because it lies with the Power Ministry. The maximum allocation for Rajasthan is 1,415 megawatts. The naphtha allocation is 1,782 TMTPA. Both are the maximum limits. This is what we have allocated to the State. So, it is the State Government and the parties, who have signed the agreements with the State Government, who are responsible for it. We are only the supplier of naphtha to the States and also the Power Ministry.

SHRI S.B. CHAVAN: Mr. Chairman, Sir, I am really surprised about the policy-decision taken by the Government. Does it mean that we have reached a stage that all other sources of production of power are no more relevant and that there is going to be only naphtha-based power stations which, in fact, are coming up in a big way? If 94 parties are going to get naphtha and produce naphtha-based power, I would like to know from the hon. Minister whether it is cheap. What I understand is that naphtha-based power is very expensive. It can be used only for a temporary purpose. When naphtha is not being used for petrochemical industries, I can understand if naphtha is being diverted for the production of power. But now it seems that almost all the power stations are naphtha-based only. Does it mean that all the hydropower or all the thermal power or

all the nuclear power sources have become totally irrelevant and that you are relying only on naphtha-based power projects? I would like to know the comparative cost of power produced by these three or four sources and whether the production of electricity from naphtha is cheaper than all other sources. This is a policy decision. Before the Government took the policy decision, I am sure the Government must have considered all aspects of the question. Otherwise, we are going to supply power at a very high cost. Will it be in the interest of the country? That is what I would like to know. What is the policy of the Government in this regard?

SHRI K. RAMAMURTHY: Mr. Chairman, Sir, the policy of the Government is to supply power at a cheaper rate. There is no second opinion about it. The hon. Member wanted to know about allocation of naphtha. In recent days, many private companies, NTPC and also Government undertakings in order to set right the power position in the country had been trying to generate more power. I agree with the hon. Member that naphtha-based power is not cheap. I agree that hydro-based electricity is the cheapest power available in the country. Sir 80 per cent of the power generation units which have signed agreements, which are all wanting naphtha, have been constructed on a multi-fuel usage basis. Now the availability of naphtha in this country is more or less balanced. We are using it. Later on they can switch over to other fuel which is available at a cheaper rate. They can switch over to LNG. That is what I would like to say here.

WELCOME TO PARLIAMENTARY DELEGATION FROM VENEZUELA

We have with us, seated in the Special Box, His Excellency, Deputy Julio Castillo, First Vice-President of the Chamber of Deputies of Venezuela and

Deputy Gustavo Tarre Briceno, currently, on a visit to our country as our honoured guests.

On behalf of the Members of the House and on my own behalf, I take pleasure in extending a hearty welcome to our distinguished guests and wish them an enjoyable and fruitful stay in our country. We hope that during their stay here they would be able to see and learn more about our Parliamentary system, our country and our people and that their visit to this country will further strengthen the friendly bonds that exist between India and Venezuela. Through them we convey our greetings and best wishes to the Parliament and the friendly people of Venezuela.

Ground Water Management projects in various States

*323 SHRI JANARDHAN POOJARY: Will the PRIME MINISTER be pleased to state:

(a) whether World Bank has provided Rs. 900 crores for ground water management projects in Karnataka, Maharashtra and Uttar Pradesh;

(b) whether people's participation is also essential for success of this scheme; and

(c) if so, the progress made in this regard and success achieved in creating awareness among people?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SOMPAL): (a) No, Sir.

(b) and (c) Do not arise.

SHRI JANARDHAN POOJARY: I would like to know from the Minister of Agriculture whether the constant fall in the ground water level will have its impact on food production as well as on the intensive gross circle. I would also like to know whether the constant fall in the ground water level will affect the

potable water in areas where irrigation is the main source.

SHRI SOMPAL: Sir, large scale incidents are being observed where ground water levels are depleting at an alarming rate in certain areas. Rain precipitation in India takes place only during three to four months of monsoon, particularly within 80 to 90 days of three months of July, August and September. Most of the water flows out and takes a heavy toll of top soil. Only 17.25 per cent of this rainfall is utilised. The only source during the rest of the months is the ground water. Overuse and overdrawal of ground water for intensive agriculture is causing depletion.

Naturally it will affect the crop production in due course. A wide concern is being expressed about this phenomenon not only in India but also globally. The Government is seized of the matter. There are several schemes for recharging underground waters. A National Watershed Development Programme for rain-fed agriculture has already been instituted in the Ministry of Agriculture and watershed management is being developed as the technique for sustainable recharging of underground water and its use for agriculture. Similarly, the drinking water supply also will be affected, and not only depletion but pollution also is another matter of concern. Pollution is taking place on account of several factors including overuse of chemicals in agriculture by way of fertilisers, insecticides, pesticides and also by other causes like industrial effluents going into river-flows and seeping into underground water too. All these things have already been taken note of and several schemes have been undertaken to tackle this phenomenon.

SHRI JANARDHAN POOJARY: From the answer given by the hon. Minister, it is very clear that agricultural production is going to be affected. Sir, the *Hindustan Times* carried an article on 22nd May, 1998, saying that the World