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Clearance of Cogentrix Power Project

*103. SHRI RAJ NATH SINGH: PROF. RAM KAPSE:†

Will the PRIME MINISTER be pleased to state:

(a) whether Government have cleared the cogentrix power project and extended counter guarantee; and

(b) if so, the details of the decision taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER AND STATE MINISTER OF IN THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES. (DR. S VENUGOPALACHARI): (a) and (b) The Mangalore TPS (1000 MW) of M/s. Mangalore Power Company (promoted by M/s Cogentrix Inc., USA and China Light &. Power International) has been accorded techno-economic clearance by Central Electricity Authority 10-7-1996. on Government of India (GOI) had decided to extend counter guarantee to the State Government for the Karnataka Electricity Board's payment obligations to the Mangalore Power Company. The GOI counter guarantee for the project has not yet been issued.

PROF. RAM KAPSE: In reply to my question the Minister has said, "The Government of India (GOI) has decided to extend counter guarantee to the State Guarantee for the Karnataka Electricity Board's payment obligations to the Mangalore Power Company. The GOI counter guarantee for the project has not yet been issued."

I would like to *know:* What are the difficulties in issuing the counter-guarantee?

The Question was actually asked on the floor of the house by Prof. Ram Kapse.

के पूछने का एक ही उट्देश्य है कि वहां की अर्थ-व्यवस्था को पुनर्जीवित करने के लिए सरकार ने क्या-क्या कटम उठाये हैं। मंत्री महोदय ने शिशित बेरोजगारों की कात की, फिल्ली सरकार ने दस हजार पांच सौ शिशित बेरोजगारों को रोजगार दिया, लेकिन जब से यह सरकार बनी है तब से काल्पीर के शिशित बेरोजगारों के लिए विशेष रोजगार उपलब्ध कराने के लिए कौन-कौन सी बोजनाएं प्रारम्भ की है? और अगर प्रारम्भ नहीं की हैं तो शिशित बेरोजगारों के कितने नये पंजीकरण करावे गवे हैं जिससे उनको रोजगार दिया जा सके, यह मै जानन चाहता है।

SHRI S.R. BALASUBRAMONIYAN: Sir, I have already stated that a number of steps have been taken. So far as the details are concerned. I don't have the details because it comes under the State Government. Anyway, since 1994-95 we are in a position to have a balanced budget. Before that there was no balanced budget. There is fuller utilisation of plan funds. Last year the utilisation was 97.5 per cent compared to 74 per cent in 1993-94. Then steps have been taken to prevent leakage of funds. A number of other steps also have been taken. Apart from that the Prime Minister has anounced an economic package. The Udhampur-Baramulla Railway line would be completed in seven years. Then Rs.77.40 crores would be sanctioned for Moghul road. Then there is revival of work of Dulhasti project which was stopped in 1992 because the French consortium withdrew. Now the work has started. We have already spent Rs. 1,400 crores. Again we are going to spend Rs.3,000 crores, on the 390 MW projected. It will be completed by the year 2000. There is the 480 MW Uri project costing Rs. 3070 crores. The first phase- is_ to. be commissioned by December, 1996. The whole project will be commissioned in four phases by 1997. We have provided Rs. 108 crores to give debt relief by writing off loans less than Rs.50,000[/]-Apart from that I have already mentioned about PMRY, JRY, EAS, etc. A number of steps have been taken.

DR. S. VENUGOPALACHARI: Sir, the authorities of the Karnataka State Electricity Board and the authorities of Mangalore Power Company and a member of the CEA, a member of the Finance department and also a member of the Power department are discussing about the PPA verification. Redrafting is being done by all the members. The discussion has already started on 24th. We hope that by the end of this week we will complete the scrutiny. On the basis of that we will issue the counter guarantee.

PROF. RAM KAPSE: I would like to know what other concessions were given to the Karnataka Electricity Board at the time of the clearance of this countre-guarantee. I would also like to know whether any writ petition about environment problem has been filed in Karanataka.

DR. S. VENUGOPALACHARI: Sir, the Indian Council for Enviro-Legal Action, who was the petitioner, approached the hon. Supreme Court of India. After the hearing, the Supreme Court directed the National Environmental Engineering Research institute, NEERI, to appoint a team of scientists who would visit the project. They have been directed to complete the work within four weeks. In addition to this project, some other projects were also included in the petition. In addition to this petition, two other petitions were also filed three months back.

SHRI RAJ NATH SINGH: 1 have put two questions. One was about the concession given to the Karnataka Electricity Board and the other was about the writ petition. He has replied to the second query. But I would like to know whether this has anything to do with the issuance of the counter-guarantee,

DR S. VENUGOPALACHARI: Whatever be the norms pertaining to other projects, so far as Karnataka Electricity Board is concerned, no special concession had been given at the time of clearance of the counter guarantee. The clearance that was given was within the Government of India policy only. No concession was given by the Central Government to the Karnataka Electricity Board.

SHRI E. BALANANDAN: In the reply it has been stated that the Government of India counterguarantee for the project has not yet been issued. It is under consideration. The Minister may kindly inform me the rate per unit that the Karnataka Electricity Board will have to pay for the Cogentrix project which is under agreement.

DR. S. VENUGOPALACHARI: The rate, after techno-economic clearance, is Rs. 2.29. The fixed rate is Rs. 1.41.

SHRI PRANAB MUKHERJEE: The hon. Minister, in his reply, has said that the counterguarantee given by the sovereign Government of India has been agreed to and the details are being worked out. A decision was taken by the earlier regime that except in the case of the eight fast-track projects, no ennter-guarantees would be given by the sovereign Govrnment of India. In that context, I would like to know whether the Government of India is going to issue counterguarantees on case to case basis or whether they have decided to extend counter-guarantees whenever there is a shortfall in the investment.

DR. S. VENUGOPALACHARI: To attract private investment, the earlier Government had assured the private investors that it would give counter-guarantees. At that time, they identified eight projects and called them eight fast-track projects. Out of these eight projects, one project, that is, Spectrum, has withdrawn and it has decided to take a loan from the Asian Development Bank. After the formation of the United Front Government under Shri Deve Gowda, we have cleared three fast-track projects. The three projects which were cleared are: Enron Congetrix and the G.V. Krishna Reddy project of Andhra Pradeshs Out of the remaining fast-track projects, there is

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one in Maharashtra. They are discussing the PPA. In Tamil Nadu, they are holding discussions with the State Government. Presently, we have confirmed clearance of seven fast-Track projects.* We have not taken any decision for the extension of counterguarantees.

THE PRIME MINISTER (SHRI H.D. DEVE GOWDA): Hereafter, we have decided not to give counter-guarantees. Earlier, the financial conditions were not good. Investors wanted certain guarantees from the Centreal Government. The financial condition of several State Governments was not up to the mark. That is why, certain concessions were given for the eight projects. Hereafter, giving of counter-guarantees by the Government of India has been totally dropped.

SHRI SATISH AGARWAL: I am happy to know that the Prime Minister has announced that there would be no question of giving any counter-guarantees hereafter. I am happy to know about this because in the world such sovereign counter-guarantees are given. I would like to know from the hon. Minister as to how much electricity was to be generated and how much has been generated so far by the eight fast-track power projects.

What was the total target of all these eight power projects for which sovereign counterguarantees were to be given? How much have you been able to achieve so far because, Sir, the Government of India in its reply to my question on 21.11.1996 said, "Guidelines for allocation of liquid fuels to different proposed power projects are being prepared in consultation with Ministery of Petroleum and Natural Gas and State Government." They have not been able to finalise even this policy. How do we meet this shortage of power in the whole country? Power is essential for industries, for agriculture, for everything. I would request your Honour to permit a Half-An-Hour Discussion on this power policy and power shortage: otherwise, how are we going to meet all this?

DR. S. VENUGOPALACHARI: Mr. Chairman Sir, after formation of this Government only, out of seven we have given counter-guarantees for three fast-track projects. This is for the information of the hon. Member. The counter guarantees given by the Government of India so far are to the extent of 5,000 mega watts and they have to be commissioned. So far only two units of the G.V. Krishna Reddy Power projects of Andhra Pradesh have generated about 90 mega watts of the total capacity.

Out of the capacity of 5,000 mega watts only 90 mega watts we have achieved so far from the fast-track projects.

SHRI SATISH AGARWAL: I have got a statement of your Power Secretary, Mr. Ibrahim. They have pointed a very dark picture about the whole power sector. Out of 189 proposals which were received from private operators, you have not finalised many things in this connec tion. He said there is still need for settlement. The fact is, these revisions have contributed to a lot of uncertainty and confusion. Government policy changes now and then. You are not clearing them; you have not decided about the fuel liquid policy you are not giving them fuel. How do you intend to meet all this?

SHRI H.D. DEVE GOWDA: Sir, the confusion is not because of Government policies. The confusion is created by political parties. Let me be very plain and frank on this issue. I am not going to attribute motives to any political party. If any project is going to be cleared, the next day there will be a public interest litigation either on environment issue ...(Interruptions)...

SHRI AJIT P.K. JOGI: What has the power project got to do with political parties?

SHRI H.D. DEVE GOWDA: Wait, wait, I have not completed, I have not yielded. Sir, in Maharashtra, Enron was cleared not by my Government. There is

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a public interest litigation. And then the Government changed. The other Government persuaded the Central Government to clear it. It was cleared. Somebody went to the High Court and filed a public interest litigation and the court wants the charges made by the people who are in the Opposition to be investigated. What happened to all those charges? Then the people who made severe allegations, serious allegations, went to court and said that due to political circumstances the made those allegations. Now they withdrew it. And even after this the court has not pronounced a judgment for more than two months. I am just quoting only one instance. Power famine in this country must be realised by everyone of us including those people who are fighting for environment, pollution problems, all these people must understand the magnitude of the problem the country is facing today. How can we expect the agricultural sector or the industrial sector to grow according to our expectations?

[RAJYA SABHA]

I met the former Finance Minister thenth time, the former Prime Minister thenth time and the former Power Minister thenth time. Whenever, I came to Delhi I used to go to them. After struggling for nearly one and half years they gave in principle clearance. We have not finalised and the PPA is under scrutiny and some people say that 60 crores has been passed on from one hand to another. I have not gone to Switzerland yet. I went to Harare. How can we grow speedily if we create problems like this? Let us realise that the country wants to achieve a speedy growth taking advantage of the liberalised economy. If we want to attract global investment in our country, a sutiable climate must be created, not be this way. I am sorry to say that at every stage there are so many hindrances. I don't want to attribute motives to anybody. including the judiciary. I have got the highest regard for the Judiciary. Public interest litigation nowadays has become a political interest litigation. It has come to that stage. It is becoming very

difficult to run the administration. I sincerely feel that the country is going to suffer without power. Agriculture and industry are bound to suffer for want of power. Those people who are occupying various high positions must understand this.

DR. BIPLAB DAS GUPTA: Let us not make generalisations.

SHRI H.D. DEVE GOWDA: I am not interested in making generalisations. I am not saying that. The point is, almost all the cases have been questioned...(*Interruptions*)...

DR. BIPLAB DAS GUPTA: There are many other cases where there was no problem...*interruptions*)...

SHRI H.D. DEVE GOWDA: I am confining myself only to power projects.

MR. CHAIRMAN: Now, Shri Dipankar Mukherjee.

SHRI DIPANKAR MUKHERJEE: After listening to the hon. Prime Minister, I want to put the record straight. I may say that out of the so-called eight fast-track project for which counter-guarantees were sought to be given, the power company in Gujarat did not require any counter-guarantee. Out of the eight fast-track projects, M/s. GVK Industries is the only company which has produced power so far where no counter-guarantee was given. So, to blame the deficit in power production on counter-guarantees and other procedures is not not correct.

May I now put one question to the Power Minister? As far as my knowledge about the Cogentrix project goes, originally it was to be a 6x182 MW project. Afterwards, its capacity was changed to 1,000 MW. Certain conditions were also changed regarding bidding. I would like to know whether tenders were invited in respect of equipments also, just as assured by the State Government of Karnataka at one stage for Engineering Projects and Constructions and for fuel. When changes could be made in capacity and procurement. I would like to know whether it is not possible to negotiate with the bidder to change the conditions governing counterguarantees also.

DR. S. VENUGOPALACHARI: Sir, talking about the Cogentrix, the survey was done by the NTPC. Previously we sought to develop it in three stages, each representing 2x160 MW. The capacity was later changed to 4x250 MW. This proposal was accorded clearance from the foreign investment angle. Regarding the EPCC also we followed the same procedure. So many things are written in the newspaper reports. For example, insurance and turnkey fees were put by the newspaper reports at Rs. 353 crores.

SHRI DIPANKAR MUKHERJEE: Unlike the Enron, I would like to know whether competitive bidding for equipment was done in respect of the Cogentrix project.

DR. S. VENUGOPALACHARI: Yes, Sir. Competitive bidding was done in respect of the Cogentrix project also.

MR. CHAIRMAN: Now, Question No. 104.

Enforcement of Delhi Rent Act, 1995

*104. SHRIMATI VEENA VERMA: SHRI SUSHIL KUMAR SAM-BHAJIRAO SHINDE:

Will the PRIME MINISTER be pleased to refer to answer to Unstarred Question 3807 given in the Rajya Sabha on the 12th September, 1996 and state:

(a) the details of the proposals received from Delhi State Government, the houseowners and the tenants' organisations including the traders' associations, to enforce the Delhi Rent Act, 1995;

(b) the maladies sought to be addressed by means of the said Act and how fof the Act, with or without amendments a* per Government's decision, if any, is considered to be effective enough to remedy the main concerns of this Act; and

(c) the decision taken by Government in this regard?

THE MINISTER'OF STATE IN THE MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. U. VENKATESWARLU): (a) to (c): A Statement is laid on the Table of the Sabha.

Statement

(a) A large number of representations have been received from the houseowners and their associations demanding immedi ate implementation of Delhi Rent Act, 1995 as assented to by the President. On the other hand, the tenant organisations including the traders' associations have demanded amendments to some of the provisions of the Act on the lines of the suggestions made by the All Party Com mittee appointed by the Chief Minister, Government of National Capital Territ ory of Delhi. The All Party Committee had suggested amendments primarily per taining to the following clauses:-

| (i) Deemed | Rent. | |
|-------------------------|--------------|---------------|
| (ii) Inheritability. | | (iii) |
| Eviction of tenants, | | (iv) |
| Compulsory | registration | of tenancies. |
| (v) Enhancement of Rent | | |

(b) and (c) The Act intends to balance the interests of the landlords and the tenants, minimise distortions in the rental housing market and increase the supply of rental housing both from the existing and new housing stocks by encouraging investment in this Sector. The issues raised by the tenants and the landlords are under examination. Final decision has not yet been taken in the matter.

SHRI SUSHILKUAMR SAMBHAJIRAO SHINDE: Sir, in the reply, it is said that tenant organisations including the traders' associations have demanded amendments to some of the provisions of the Act on the lines suggested by the All-

The Question was actually asked in the floor of the House by Shri Sushil Kumar Sambhajirao Shinde.