

matter. It is a very important matter for us because it has come soon after the dismantling of apartheid in South Africa. *(Interruptions)*

THE DEPUTY CHAIRMAN: They are congratulating and so, I said, okay. I said, no other matter.

SHRI JOHN F. FERNANDES: Madam, it is a unique development after 27 years of martial rule there. India has been espousing the cause of PLO throughout. And we have to be very happy that the Government of India has an Observer. Our Minister of State for External Affairs, Mr. R. L. Bhatia, is there. And I think, we have to welcome this Accord, and we have to see that this Accord is fully implemented in future.

THE DEPUTY CHAIRMAN: We all congratulate and wish them all the best.

SHRI M. A. BABY (Kerala): Madam, on this matter, I also would like to associate myself, having my own apprehensions about the possibility of peace being fully restored and the rightful claim of the Palestinians to have their homeland realised. We wish that the positive process that has started yields positive results.

THE DEPUTY CHAIRMAN: Let us hope so. We wish them all the best.

SHRI TRILOKI NATH CHATURVEDI (Uttar Pradesh): Madam, I associate myself with this and say that both Israel and Palestine should be commended for bringing about a peace accord so that a peaceful atmosphere is created.

THE LEADER OF THE OPPOSITION (SHRI SIKANDER BAKHT): Madam, the whole House would like to associate itself with that.

THE DEPUTY CHAIRMAN: I think the whole House associates itself along with the Chair, and we wish them well and we wish them peace.

Now, we take up Call Attention Motion. Yesterday, I announced that we have to finish the Call Attention at 4 o'clock because we will have the reply of the Railway Minister at 4 o'clock. So, I request the hon. Members to abide by the direction of the Chair, whoever in the Chair. Now, Shri Jaipal Reddy.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Situation arising out of Heavy foreign investment in power sector

SHRI S. JAIPAL REDDY (Andhra Pradesh): Madam, I beg to call the attention of the Minister of Power to the situation arising out of the heavy foreign investment in Power Sector.

THE MINISTER OF POWER (SHRI N. K. P. SALVE): Madam, the Private Power Development Policy of the Government of India was initiated in 1991. This initiative was based on the need of mobilising resources from private investment to meet the rapidly growing demand for power in the context of the paucity of resources for capacity addition with Central/State PSUs and SEBs.

The total installed capacity in the country which was only 1362 MW in 1947 at present stands at around 76000 MW. However, this is far short of the actual energy requirement of the country. The working Group on Power set up by the Planning Commission to finalise the 8th Plan had estimated that there was peak shortage of 18.5 per cent and an energy shortage of 9 per cent at the beginning of the plan. To meet

[Shri N. K. Salve]

this shortage it was estimated that around 48,000 MW of new generation capacity would require to be added. As against this the Planning Commission could provide for a capacity addition of only 30,538 MW while finalising the 8th Plan. The present indications are that it would now be possible to add only 20,000 MW of new generation capacity by the end of the plan, i.e. by March, 1997. The major hurdle in achieving the target of 30,538 MW has been the inability of the public sector to raise enough resources.

Our present per capita consumption of electricity is around 270 Kwh per annum which is one of the lowest in the world and is in sharp contrast with the average consumption in the developed countries which is over 5000 Kwh per annum. Thus we have to go a long way in providing for our people what can be considered a reasonable level of electricity consumption.

The large gap in demand/supply for electricity calls for significantly stronger steps backed by a composite strategy which encompasses various components of supply side enhancement and demand side management. Such a strategy is in fact in place as reflected in the detailed Action Plan adopted at the National Power Ministers' Conference held in January 1993. But all these measures, as also the all important need to bring about reforms in the state power sector implies substantial investment and long gestation. There is, therefore, no escape from the need to bring about capacity addition of a large magnitude within a medium term framework. Inviting private investment to participate in this vital sector, to supplement the public sector, was, therefore, the right strategy adopted by the Government.

It is against this backdrop that the supplemental role of private sector acquires significance. Private sector power development is not a

mere slogan. It is a solution, a carefully considered solution which is both sector specific and part of the larger economic reforms. The policy to encourage the private enterprise participation is an invitation to both Indian and foreign companies to put up generation and distribution projects. In addition there is also an emerging role in the area of renovation modernisation and managerial upgradation of existing plants. The electricity laws have been amended and a more congenial legal, administrative and financial framework has been put in place.

A point has been made for the need for foreign investment. As I mentioned, our policy is to attract additional resources from private investment, which can come from both Indian and foreign enterprises. With a view to achieving this objective we have placed a ceiling that not more than 40 per cent of the project cost should be raised from Indian Financial Institutions (IFIs). Looking at the need for capacity addition in generation/distribution it would be clear that the resources available with the Indian Financial Institutions need to be substantially supplemented by induction of foreign investment into the power sector.

Concern has been shown about high capital cost of the private power plants and the consequent high tariff. There is a statutorily established mechanism of scrutiny of the capital cost of power projects, whether in public or private sector. All projects involving a capital expenditure over Rs. 25 crores require the concurrence of the Central Electricity Authority (CEA) under Section 29(2) of the Electricity Supply Act, 1948. Further, the Act provides that before the schemes are submitted to CEA, the project company has to publish the estimates of capital expenditure and the salient features of the project in the official gazette of State concerned and in local newspapers giving opportunity to

licensees and other persons who may be interested to make representations and raise objections if any to the scheme or any part thereof within a period of two months. In addition to these statutory requirements, the State Electricity Board (SEB) and the State Government concerned have to be satisfied that the costs are reasonable and acceptable to them.

The two part tariff notification applicable to generating companies lays down normative parameters for determining tariff comprising fixed and variable costs. The fixed costs comprising, inter alia, a return of 16 per cent on equity (ROE) can be recovered if the plant operates at 68.5 per cent PLF. Therefore, the return which in itself is quite reasonable is linked to a performance level, below which there is a pro-rata reduction in the fixed charges. The variable cost is primarily the cost of fuel. The power policy does not provide any special concessions for import of fuel. If the fuel has to be imported, it will be governed by general import regulations in force.

The private power policy has attracted a good deal of debate and media attention. The Ministry of Power has prepared a booklet titled "The legal and policy framework of private power development: facts and clarifications" which addresses all the issues that have been raised in connection with the policy including those pertaining to foreign investment. This has already been circulated to the Hon'ble Members of the Parliament.

In the end, to make the discussions well informed and meaningful, I am laying on the Table of the House, Sir, with your kind permission, a copy of guidelines and incentives for private power development.

*Incentives/Guidelines of the policy
to Encourage Greater Private In-
vestments in Power Generation and*

*distribution to tap additionality of
Resources*

The following are the details of the scheme to encourage greater private sector participation in the electricity generation, supply and distribution:

- * The Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 have been amended to bring about a new legal, administrative and financial environment for private enterprises in the Electricity Sector.
- * Private Sector can set up thermal projects (coal/gas) and hydel projects and wind/solar energy project of any size.
- * Electricity Projects where the total outlay does not exceed Rs. 25 crores need not be submitted to the Central Electricity Authority for concurrence.
- * Private sector companies can set up enterprises to operate either as licensees or as generating companies.
- * All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio upto 4:1.
- * A minimum of 20 per cent of the total outlay should be the equity component.
- * Promoter's contribution should be at least 11 per cent of the total outlay.
- * Not more than 40 per cent of the total outlay can come from Indian Public Financial Institutions.
- * To ensure that private entrepreneurs bring in additionality of resources to the sector, not less than 60 per cent of the total outlay for the project must come from sources other than Public Financial Institutions.

- * Upto hundred per cent (100 per cent) foreign equity participation can be permitted for projects set up by foreign private investors.
- * The condition of dividend balancing by export earnings which is normally being applied to cases of foreign investment upto 51 per cent equity will not be applicable to foreign investments in the power sector.
- * The rates for depreciation in respect of assets have been liberalised.
- * With the approval of the Government, import of equipment for power projects will also be permitted in cases where foreign supplier(s) or agency(ies) extend concessional credit.
- * The customs duty for import of power equipment has been reduced to 20 per cent and this rate has also been extended to machinery required for modernisation and renovation of power plants.
- * A five years tax holiday has been allowed in respect of profits and gains of new industrial undertakings set up anywhere in India for either generation or generation and distribution of power. The five year tax holiday will begin from the year of generation of power.
- * The excise duty on a large number of capital goods and instruments in the power sector has been reduced to a lower rate.
- * The 16 per cent return on the foreign equity included in the tariff can be provided in the respective foreign currency.
- * Fixed costs can be recovered at 68.5 per cent PLF. Attractive incentives are prescribed for performance beyond this PLF.
- * Flexibility has been allowed in including insurance in the project cost.

For generating companies the following incentives are offered:—

- * Normative parameters under which generating companies will operate have been notified which *inter alia* provide for 16 per cent rate of return on the paid up and subscribed equity.
- * Generating companies operating coal based, gas based and hydro projects can sell power on the basis of a suitably structured two part tariff.
- * Government of India may consider extending a counter guarantee for the payment obligations of State Electricity Boards to the private power companies on the specific request of the concerned State Government.

The specific incentives for Licensees are:

- * Licences of longer duration of 30 years in the first instance and subsequent renewals of 20 years instead of 20 and 10 years respectively as it was before.
- * Higher rate of return of 5 per cent in place of the previous 2 per cent above the RBI rate.
- * Capitalisation of Interest During Construction (IDC) at actual cost (for expansion projects also) as against 1 per cent over RBI rate as it was before.
- * Special appropriations to meet debt redemption obligations.

SHRI S. JAIPAL REDDY: Madam Deputy Chairman today, I am rising to call the attention of the House to a matter of paramount importance. There are two vital aspects to this question. One aspect relates to ideology, policy, philosophy, paradigm, world-view, Weltanschauung; whatever you call it. But I am not going into that aspect because, my friend,

Mr. Salve, is a man of, convictions. His convictions, of course, are very resilient. Therefore, he would turn round and say: 'Mr. Reddy, you are living in a Jurassic Park'. He could also say that I am still suffering from the hangover of a doctrinaire socialistic nostrum. Let me submit that I am not dealing with the ideological question here.

I would like to engage myself in the question of modality. While doing that, let me plead guilty—at least, partly—to the possible charge that I am a socialist. Let me assume, without conceding, that there is a need and scope for foreign, private, investment in the power sector. The question is: How do we go about it? There is one other question as to whether the Government is painting an alarmist picture, a panicky situation, on the question of power shortage. There is criticism that the Government is exploiting this psychosis of power shortage to ram the unwholesome policies down the throat of the nation. I shall not go into that also. Let me assume, without conceding again, that there is need for foreign private investment and that there is a lot of shortage.

Madam, this Government, after it embarked upon this policy of liberalisation, has been guilty of what is called "system failures." We know about the securities scam. We know about the scam relating to the disinvestment of PSU shares. We know about the scam relating to allotment of preferential shares by multinationals to themselves at highly discounted prices. They are no system failures; they are all gigantic system frauds.

Let me tell you, Madam, that this is another stinking super-scam, over which Mr. Salve has the dubious distinction of presiding. He did not refer to the notification which the Government of India issued on the 31st of March, 1992. I would like to

know the basis on which this notification was issued. Who studied the whole question? Who decided upon this policy? What is the policy? As he himself admitted it, the notification hits upon the system of two-part tariff. What is that? One is 16 per cent rate of return subject to the generating station operating at a normative level of 68.5 per cent. Second, the tariff structure is also to be worked out on the basis of the capital, and the financing costs.

As though this was not enough, in the second notification issued recently, the Government of India permitted incremental benefits or bonus to be conferred on a foreign company if that company were to supply power above this normative level of 68.5 per cent.

Madam, there was a committee headed by Mr. K. P. Rao in 1987-88. That Committee did not recommend any of these things. Will the Government be good enough to place the report of the K. P. Rao committee on the Table of the House?

Secondly, Madam, I understand that Dr. Reinhardt Chairman of the Siemens (India) Ltd.—to pronounce the word in German, "Ziemens (India) Ltd."—headed another committee. This is for the first time in the history of free India that a foreigner headed a committee of the Government to study the question of foreign investment. I would like to be told about it. If I am wrong, I would not hesitate to correct myself.

I would like to know whether this policy was ever discussed in the Cabinet and whether it was discussed in the Cabinet Committee on Economic Affairs. I have read somewhere that the Finance Minister Dr. Manmohan Singh who is the high priest of liberalisation and globalisation in the country himself expressed serious reservations over this policy of a guaranteed rate of return.

May I tell you Madam, that this policy of guaranteed rate of return

rung counter to the free trade philosophy which has been embraced by this Government and which the multinationals have always been pleading for. It is opposed to their philosophy. You have guaranteed 16 per cent rate of return. In the case of Enron, the MSEB—let me state, the Maharashtra State Electricity Board—has agreed, thanks to my friend, Mr. Salve,*

SHRI N.K.P. SALVE: Madam, I object to this... (*Interruptions*)...

SHRI S. JAIPAL REDDY: I withdraw... (*Interruptions*)... I withdraw.

SHRI N.K.P. SALVE: Madam, with so many years in Parliament, I except him not to behave like a school boy. What does he mean by this?

SHRI N. E. BALARAM (Kerala): He has withdrawn.

SHRI JAGESH DESAI (Maharashtra): He should not utter this kind of words.

SHRI N. E. BALARAM: He has withdrawn.

THE DEPUTY CHAIRMAN: It is not going on record.

SHRI N.K.P. SALVE: Mr. Reddy, you come to the subject... (*Interruptions*)...

SHRI GURUDAS DAS GUPTA (West Bengal): The words 'school boy' have also to be withdrawn because we are discussing this issue in the House of Elders.

SHRI N. K. P. SALVE: Yes, I know

SHRI GURUDAS DAS GUPTA: Mr. Salve is elder enough to understand this.

SHRI N.K.P. SALVE: I do understand. But there is one thing. He is speaking on the power policy. But the

large many words he is choosing are utterly unwarranted. It is his prerogative to speak. Let him go ahead. I will reply to that. But to say that... (*Interruptions*)...

SHRI S. JAIPAL REDDY: No, I have withdrawn. Then, why are you discussing it again? Mr. Salve, I have no objection to your description of mine as a 'school boy' because I keep learning everyday. I am proud of being a 'school boy'. I worked for a whole week to speak on this subject. No, I have no objection to your description... (*Interruptions*)... If you don't own up your status, let me own up my status.

THE DEPUTY CHAIRMAN: Mr. Reddy, it is better that when we are discussing a very serious issue, let us confine ourselves to the subject matter, not to individuals.

SHRI S. JAIPAL REDDY: Madam, we are discussing a stinking scandal, not merely a policy issue.

THE DEPUTY CHAIRMAN: Whatever it is, please confine yourself to the subject.

SHRI S. JAIPAL REDDY: The MSFB has guaranteed to take 80 per cent of the PLF from Enron. According to Prof. Kirit Parikh who delivered a speech at Davos, the Mecca of our Government... (*Interruptions*)

SHRI VIREN J. SHAH (Maharashtra): Girish Shah.

SHRI S. JAIPAL REDDY: He said that the rate of return for Enron would be 30 per cent. I am not an expert and I shall not go into that. Where is this money coming from? Sixty per cent is to be raised in India. Where is the foreign investment in it? Forty per cent is to come from public institutions. Twenty per cent is to come from Indian capital market. The promoter will raise equity only up to 11 per cent. The remaining 20 per cent can be raised through loans abroad let

*Expunged as ordered by the Chair.

me not confine myself to Enron. This I think must be true of other projects also and I have no particular fascination for Enron. In all such cases projects have been excessively over-invoiced. The experts estimate that the over-invoicing is to the extent of 40 per cent. In other words over invoicing is being done to the same level as the component of foreign investment because there is a built-in incentive for over-invoicing. You have agreed to a guaranteed rate of return. That is the reason why the projects are being over-invoiced. In India, if you build a new project to come up by 1997-98, the per MW cost would be between Rs. 2.5 and Rs. 3 crores while the cost of installation of Enron project would be between Rs. 2.5 and Rs. 3 crores while the cost of installation of Enron project would be between Rs. 3.5 and Rs. 4.5 crores. Madam what is the total number of MW that this project, to be conferred on a foreign company. Madam, what is the total number of MW that this project, Enron will produce? It is 2,015 MW at a cost of Rs. 9,053 crores. The cost per MW in that case would be Rs. 4.1 crores in the first phase and Rs. 4.4 crores in the second phase. Now, what will the MSEB pay to Enron? According to the calculations made by experts which have not been questioned by the Government in its booklet, the Maharashtra State Electricity Board will pay \$1.2 billion every year. They have to pay most of it in Dollars. It comes to Rs. 4000 crores.

SHRI VIREN J. SHAH: For what period of time?

SHRI S. JAIPAL REDDY: Mr. Viren Shah, over a period of 25 years.

They will end up paying one lakh crores of rupees. It will be only 1,00,000 crores, if the foreign exchange rate remains stable and at the present rate. It is also subject to another condition, that is when the prices of imported fuel do not go up. Madam, we are going to purchase power in Dollars. We will be paying 7.47

cents for every unit for the first stage of Enron, 7.06 cent for the second stage of Enron. Enron project will be run only by foreign fuel, whether it be diesel or natural liquified fuel or any other fuel.

Madam, I do not know why this Government makes song and dance of plant load factor. In the first book which our Government has brought out, they referred to some poor cases. Our plant load factor is only 35 per cent. in some bad cases. But does the Minister understand the difference between the installed capacity, the plant load factor, the peak demand, off peak hour? In other words, does he understand the difference between the plant load factor and availability factor?

SHRI N. K. P. SALVE: Do you understand?

SHRI S. JAIPAL REDDY: I do.

As a school boy, I am prepared to run a self-Government day and teach the teacher.

SHRI N. K. P. SALVE: Teach yourself.

THE DEPUTY CHAIRMAN: Well, I become a teacher, if you all are school boys. I don't mind.

SHRI S. JAIPAL REDDY: Well, you are qualified to be a teacher, if nothing else.

Madam, it is known to an ordinary person that the power demand is not the same on a typical day throughout the day. If you are to take 80 per cent of power from a foreign generator and if you do not need it, whose plants will be backed down? The plants of the State Electricity Boards will be backed down. That means the burden will be borne by the State Electricity Boards which are already languishing.

Then, Madam, is 68.5 per cent PLF so terribly high as to impress our Government? May I tell you that the PLF of our own Indian plants is much

higher? Vijayawada-II built with the BHEL equipment, run on coal, the six months' average ending August, 1993.. Vijayawada—II. Again I am starting from a place in my own State. The PLF percentage is 85.6; Tuticorin—87 per cent PLF; Korba—94.2 per cent; Singrauli—88.1 per cent. With this record of our own, of which we must be proud, you are gloating over the 68.5 per cent PLF that is being offered by multinationals.

Madam, another factor to be noted is that all these offers are being made in States where the power supply position is not so critical. (*Time-bell rings*).

Madam, it is very important.

THE DEPUTY CHAIRMAN: I know that it is very important. But we have to abide by time.

SHR IS. JAIPAL REDDY: I will try to finish.

Therefore, the State Electricity Boards will suffer more. That means, at the peak hour, you will have to accommodate the generating plants of multinational companies at the cost of the plants of the State Electricity Boards.

SHRI N. K. P. SALVE: In the off-peak hour.

SHRI S. JAIPAL REDDY: I stand corrected. It is off-peak hour. (*Interruptions*). I have corrected myself. I am not a Brahaspati like Mr. Salve. Madam, apart from all these things, I am asking one simple question. Why did not the Government go in for competitive bidding? This point was made by the Planning Commission in its note. The Confederation of Indian Industries, which is a champion of liberalisation, globalisation, foreign investment etc. also objected to the absence of competitive bidding. And the Minister said, "Why do you bother about

the costs? After all, they are to be vetted by the Central Electricity Authority." We all know how much authority is enjoyed by this institution. I am quoting from the note circulated by the Planning Commission.

"While the statutory notification referred to above stipulates scrutiny of the project cost by the CEA, prior to the fixation of tariff, in actual practice, however, the tariff is negotiated and finalised even before the Central Electricity Authority would have the opportunity to appraise the cost."

This is not my opinion. This is the opinion of the Planning Commission of India over which Mr. Pranab Mukherjee is presiding even today.

"In effect",

I continue to quote,

"the private parties, especially the foreign parties, are not prepared to submit their capital cost and the relevant financial packages to any scrutiny of the Central Electricity Authority."

Madam, when you go in for competitive bidding, you do it for a number of reasons. Firstly, for selecting the right party; secondly, for purchasing proper equipment. In this matter, in all the cases—not only in the case of Enron; it is only a typical example—they have been allowed to purchase their own equipment on their own terms.

THE DEPUTY CHAIRMAN: Please conclude, Mr. Jaipal Reddy. (*Interruption*). Please conclude. I know you can speak for the whole three hours on this. But we have other names also.

SHRI S. JAIPAL REDDY: Madam we have a very competent Minister who can answer all my questions. (*Interruptions*). Please be generous, Madam.

THE DEPUTY CHAIRMAN: We have a load factor.

SHRI S. JAIPAL REDDY: The third reason is, why should the competitive bidding should be gone in for is that the works can be awarded through tenders in which case the BHEL can bag many contracts. Now, Madam, the Government of India is offering guarantees, what are known as sovereign guarantees. What right has this Government got to offer sovereign guarantees without taking Parliament into confidence, without taking the nation into confidence? Do you have the right? I am raising a Constitutional question. Madam, the powerful Chairman of Enron, Ms. Rebecca Mark, appears to have visited India thirty times and, I must say, her visits have not been unproductive. The cost of production per unit at the moment in the country is just Rs. 1.20 paise. The Government said, "one rupee". But I am trying to say something in favour of the government, that is the cost is one rupee twenty paise. But the cost of production by the Enron will be Rs 2.40 paise. Secondly to favour multinationals, the rate of depreciation, which remained at 3 per cent constantly for forty years, has been raised to 7 per cent in two instalments. Firstly, from 3 per cent to 5.6 per cent and then to 7 per cent. Madam, take a look at the current world scene. The companies in the world are capable of producing 1,20,000 MW equipment. I mean that these plants can manufacture machinery to produce power of the order of 1,20,000 mega watts. What is the demand in the world? There is no demand in the developed world because it has reached a saturation point. The world demand today is only 20,000 mega watts and the BHEL can produce 6,000 mega watts to 7,000 mega watts power (Interruptions) equipment. I stand by my figures and I am prepared to discuss that also. The BHEL will be starved to death. There is scope

for private production in India. In the power sector, the private companies have been operating since independence and in the Eighth Plan, we have provided for 2,080 mega watts, to be produced in the private sector. We did not offer all these things to them at that time. Madam, I will finish in just two minutes. Why are the adverse effects? Firstly, it will have a cascading affect on power tariff because of which the international competitiveness of our industries will be adversely affected. The cost of power is getting inordinately increased. The foreign exchange outgo will be unbearable and the position of the State Electricity Boards will be further weakened. The Bharat Heavy Electrical Limited of which we are all proud, will be subjected to slow death, through starvation. Because of the increase in cost of power, the weaker sections of the community will be affected. The farmers of India will have to pay through their nose. India's food self-sufficiency will be adversely affected. It will have a deleterious impact on the price situation. I therefore, plead with Mr. Salve and other friends not to stand on prestige and keep all these projects in abeyance. The Planning Commission has suggested a methodology by which foreign exchange can be allowed to be invested. Please follow that methodology. Be that as it may, I will prove every point that I made. Please agree to an enquiry by a Committee of this House. otherwise Mr. Salve will have the distinction of presiding over a tremendous multi-tiered scandal. Thank you.

THE DEPUTY CHAIRMAN: I have nine names on the paper. I will request the hon. Members to be very precise because the Minister has to reply at 3.30 P.M. Shri Gurudas Das Gupta. Please comply with the rules of the Calling Attention Motion and put your questions instead of making a speech.

SHRI GURUDAS DAS GUPTA (West Bengal): Madam, Chairperson, the policy of the Power Department, rather the innovative policy of our great economist, Mr. Salve, appears to be running in total contradiction to the economic policy being pursued by his honoured colleague, Dr. Manmohan Singh. We are given to understand that this is a market economy. How can there be a pre-determined rate of return in a market economy? If we are given to understand that the market forces will be allowed to operate, than profit is the reward for the risk and better management. In that case, how can there be a pre-determined rate of return in a market economy? On the one hand, you are speaking of market economy and, on the other hand, you are embarking upon a power policy which doles out pre-determined rate of return to the foreign multinationals.

Madam, we are living in a period of multilateral trade agreement as is sought to be made out by the present Government. That is considered to be the reason for our signing the multilateral trade arrangement or authenticating it, whatever it might be. In a situation of multilateralism, how is it that we are going in for bilateral power agreement?

Thirdly, Madam, while holding aloft the banner of market practice, as our country and our Finance Minister do, how it is that we are going against the normal market practice of floating global tender and then entering into a agreement? Therefore, in all the sense of the term, this model power policy does not fit in with the strategy which is being structured by our economic system laid out by our Government.

SHRI JAGESH DESAI: You should be happy about that. Are you not happy?

SHRI GURUDAS DAS GUPTA: It is not a question of whether I am

happy or sorry. The question is that the Government's policy is full of contradictions, and paradoxes. This is a Government of inconsistency; this is a Government of exigency; this is a Government devoid of any philosophy. I hope Mr. Salve must have already forgotten his association with the socialist ideology. I must thank him for that. But the point is not that it is a 16 per cent rate of return. It is much higher than that if you take into consideration the rate of depreciation. There is a calculation by important people who call themselves as specialists. If the rate of depreciation is considered to be around 9 per cent to 11 per cent and the corporate tax is considered to be 50 per cent, then the rate of return—it is post-tax return; it is not pre-tax return—the post-tax return which will be guaranteed to the foreign multinationals, it around 50 per cent.

Madam, let us look at the concessions that we are trying to give to the foreign multinationals. It is not only a return of 16 per cent but a return in dollars, repatriation of profit in full, servicing of the loan if it is defaulted and the foreign companies will be protected against the currency fluctuation. Therefore, if you take all the protections into consideration, Madam, so far as the pre-determined rate of return is concerned, the country is losing heavily and so far as our economy is concerned, the country is losing heavily. Madam, I don't quarrel because the foreign investors have been called in. My point is, at the beginning, there was no talk of pre-determined rate of return. Ultimately, there was a pressure and our Minister has succumbed to the mastermind black-mailing manoeuvring by the power lobby of the international market. Now, the talk that is going on is for a further rise in the pre-determined rate of return. Initially, it was 12 per cent. Then it was increased to 16 per cent. Now the talk is going on that 16 per cent rate of return should

be increased to more than 20 per cent. Therefore the pressure of blackmailing and the pressure of foreign multinationals is still there. Therefore, I think, the decision that has been taken by the Government is a decision which has been taken under duress. The Government has taken this decision under duress. It cannot be explained in terms of economic fundamentals. What is the danger? Always there is a danger of the foreign companies inflating the cost. There is no guarantee of proper supervision. We have been speaking of plant load factor, of 16 per cent rate of return on the basis of 68 per cent of the plant load factor. But what is the normal international standard? The normal international standard is 86 per cent. If the normal international standard is 86 per cent, how do you guarantee them 16 per cent rate of return on 68 per cent? Mind it, they will be receiving bonus to the extent they are able to produce or generate more electricity.

THE DEPUTY CHAIRMAN: Three minutes are left.

SHRI GURUDAS DAS GUPTA: Madam, let us look at China. How could China mobilise 40 billion British pounds at 13 per cent rate of return? How could China do it? If China could mobilise foreign investment, a large foreign investment, at a much lower return, then why does India go in for 16 per cent? What is the return which the blue chip industries, operating in the international market, guarantee to their investors? Normally, the return that is guaranteed in the international market by the blue-chip companies is around six to eight per cent. If that is the normal rate, then how is it that we have agreed to a much higher rate? Of course, we need money, because we need power. And we don't have enough money in the country. That

is one aspect of the situation. Madam, there is another aspect also. A tremendous recession is going on in the international economy. There is a serious recession in power generation. There is a serious recession in the production of equipment needed for power generation. There is an international attempt to conserve energy. Therefore, while we are short of funds, there is surplus fund in the international market. While we need money for power generation, they also need money for investment, fruitful investment outlets. Therefore, the compulsion is not only on our shoulders, there is also a compulsion on the shoulders of the international power companies to find fruitful investment. If we had stuck to a firm position, if we had manoeuvred, if we had negotiated firmly, if we had not given out a signal that we are dependent on a handful of multinationals, if we had gone in for negotiating with most of the leading international power generating countries and also power generating companies, then these blackmailing tactics on the part of the international companies would not have succeeded. Therefore, Madam, the policy which is being enunciated, the programme that has been undertaken, is economic, unethical, against the economic policy, and against the interests of the nation, and it only serves the purpose of doling out privileges to some of the companies. And I do not know the reason for it. I don't say that the whole thing has taken place in exchange for anything. I don't imagine that. But there is a gross irregularity in the whole thing; however might be responsible, there is a gross irregularity in the sense that you have not taken into account the surplus funds in the international market; you have failed to take into account the recession in the international market; you have failed to take into account the fact that they also need opportunities for a fruitful investment. Therefore without going in for a real homework,

[Shri Gurudas Das Gupta—Contd.]

this has been an absolutely adventurous action. And if we do it, what is going to be the fall-out? The fall-out is going to be an increase in the cost of power per unit. If the cost of power per unit increases, there is likely to be a further increase in the cost of production and the inflation which has almost crossed the double-digit figure now is going to be further fuelled by the present policy of the Government.

Lastly, Madam, I do not believe that the country does not have money. There is a huge surplus money in the country. There is black money and there is white money. If the corporate sector in the year 1992 could mobilise Rs. 19,000 crores through rights issues, what prevented the present Government from issuing a lucrative offer to the investors? If the advantage that was sought to be given to the multinationals had been given to the Indian investors, to the Indian people, to the Indian firms, things would have been at least not worse as they are now. Therefore, I believe that the present policy should be recast and there should be a serious attempt to mop up the surplus from the Indian market and there should be lucrative conditions. I don't say, offer them the same lucrative conditions that you are extending to the foreign power, but if the condition is better, we will be able to mobilise much more money than what it is now. Therefore, I plead with the Government to change the policy, to make a review and to find out who those people are who are sitting in the citadels of power, who have been responsible for such a catastrophic agreement that is sought to be made with a number of foreign nationals against every ounce of India's national interest. Thank you.

THE DEPUTY CHAIRMAN: Shri Chimanbhai Mehta. Please abide by time. You have not more than 10 minutes.

SHRI CHIMANBHAI MEHTA (Gujarat): Madam, firstly, I would put certain questions. (a) Will the Minister of Power be pleased to state the reasons for not issuing global tenders for the construction of private power houses while the electricity generated from these power houses is going to be transmitted by the State Electricity Boards? (b) On what basis and conditions the multinational power house companies are erecting power houses in China and what is the price per unit charged over there? (c) Is it a fact that on the basis of minimum of 16 per cent guaranteed return on foreign equity, the entire cost will be covered by them in just six years while the plant life is six times compared with the period of equity reimbursement and also, if the above 16 per cent return on equity will be disposed of as profit without any encumbrances? These are the four important questions that I put specifically. Therefore, kindly clarify on these four questions.

Now, I come to some of the points. Today I have noticed in the House that the entire House has no objection to foreign investment in the power sector. That was the objective earlier also. Now, it has been realised by every ideological and pragmatic person that ... (*Interruptions*) ...

AN. HON. MEMBER: Are you also satisfied? ... (*Interruptions*) ...

SHRI CHIMAN BHAI MEHTA: I am satisfied because we need foreign investment, we need more capital and we need more power. This is a very good beginning. But how are we going to realise and come down from the ideological hypertension to the ground reality? Now, it has been pointed out that there is a demand for almost 50,000 MW of power during the Plan period, 48,000 MW, precisely speaking. That was how the Planning Commission was approached. Our requirement was

48,000 MW, But the Planning Commission approved 30,000 MW and we had a capacity to raise finances only for 20,000 MW. That means, the Planning Commission was approached with a proposal of 48,000 MW and ultimately we realised that we could raise money only for 20,000 MW. That means, 60 per cent of the money which is required could not be raised from the Indian market. In such a situation, I would say that it would be cutting my nose just to say that I would not be agreeing to any other person's view which is not ideologically acceptable to me. So, I think the Government has done a right thing. At the beginning, I asked a question: Why have you not issued global tenders? That was a correct question. At the same time it should be realised that there was no option but to go in for privatisation. Now, to create an additional capacity of 20,000—30,000 MW, the amount required may be 1.5 lakh crores. We could raise during the last year only Rs. 19,000 crores from the primary equity market and the amount we require now is almost six times or seven times this amount. Therefore, there is no alternative but to go in for foreign equity. My question comes here. Having realised the necessity, have we rightly negotiated with the foreign investors and the Indian private investors? Presently, we are running power plants, power houses, etc. There are private power houses also. The Tatas are there in Bombay. Their efficiency is much better than that of others. So, when we decided to guarantee the 16 per cent return, did the Government study what rate of return they were getting elsewhere, whether they were getting 16 per cent or 13 per cent, etc?

SHRI N. K. P. SALVE: Forty per cent.

SHRI CHIMANBHAI MEHTA: The rate of return they are getting is 40 per cent! The Tatas in Bombay have

got an electricity company which supplies electricity... (*Interruptions*)...

SHRI S. JAIPAL REDDY: It does not have any guaranteed return.

SHRI CHIMANBHAI MEHTA: That is another thing. I want to know the realities. I am taking a very pragmatic view. If we are giving less to our private industrialists and are offering more to the foreigners, then it is wrong. If we are offering more than what we are offering to our private industrialists, then I feel that we have to spell out the reason why we are doing so. If the Government pays even a paise extra, it is the job not only of the Opposition but also of every vigilant citizen to put a question as to why it has been done so by the Government. This is not a question of casting aspersions but an attempt to know the realities.

Therefore, I would like to 1.00 P.M. know the existing position today. Suppose you had invited global tenders. Would you have obtained better terms? If you can assume that you could have obtained better terms, it is not wrong on your part not to have invited global tenders? You have said that applications for power projects have to be made to the CEA and that before that the salient features have to be published in newspapers so that anybody can make representations within two months. This is an impossible task. Then you will say that somebody has come, that only one party is there. Then, you will negotiate with it.

Jaipal Reddyji has shockingly revealed the quotation of Shri Pranab Mukherjee, saying that the cost is to be negotiated, the tariff is to be negotiated directly with the Government and that the CEA is just a signboard. If this is the case, then, you will have to clarify it because this a very important question raised by him.. (*Time bell rings*)

[Shri Chiman Bhai Mehta—Contd.]

I do not agree with the view, with which it has been asked. But, from a common citizen's point of view, I would like to say that if Mr. Jaipal Reddy is correct, certainly, you are answerable for it. How can it happen that you can directly negotiate when the CEA is there? Therefore, kindly explain the position.

Madam, you just rang the bell once. Generally, people take some more time. But I sit down because I have taken enough time.

Thank you.

THE DEPUTY CHAIRMAN: Thank you very much for being very co-operative. डॉ. नौनिहाल सिंह जी आप बोलना शुरू करें इससे पहले मैं पैरल की नई वाइस चेयरमैन श्रीमती कमला सिन्हा को यहां बुलाऊंगी ताकि वह चेयर पर बैठें। उनको आप सब अच्छा कोअपरेशन दीजियेगा। सब लोग उनकी बात मानें और जब वह घंटी बजायें तो आप बैठ जायें। आइये कमला सिन्हा जी।

[The Vice-Chairman (Shrimati Kamla Sinha in the Chair)]

DR. NAUNIHAL SINGH (Uttar Pradesh): Madam Vice-Chairperson, I welcome you to the Chair. We are happy to see you there.

Madam, the subject of power generation and distribution has been very dear to me for a very long time, but I find that in India over a period of 47 years we have been able to generate only 73,000 mw. from all the sources.

As far as the distribution is concerned, that is also very faulty because we find that about 70 to 80 per cent of the population living in the villages is getting about 25 to 26 per cent, and about 30 per cent of the population living in the cities, is get-

ting about 70 per cent of electricity generated. So, there is maldistribution in power. This is nothing but violation of the Directive Principles of the Constitution of India which says that all the resources of the State should be equitably distributed among the people.

Madam, the policy package of the Government of India and its effort to attract the private sector investment in the power sector have been the focus of considerable attention in recent months. *Ab initio*, I would like to mention that my party, the BJP, is not against foreign investment in the power sector as such. It is for creation of additional infrastructural facilities. But, we certainly oppose the Government in its move to invite transnational companies, especially in areas where India has indigenous capabilities and where the cost of power is likely to be so prohibitive to our customers that they will not be able to buy it. There is no capacity to pay for it. In that case, it really becomes a dangerous game, it may be mentioned here that power generation is not a high-tech industry, but surely a capital-intensive one. Hence, we may seek private investment, both Indian and foreign. But the leading question is: At what cost? As regards debt-equity ratio, I hold that with private risk capital, what must be taken into account is that in India, debt tends to be cheaper than equity. This aspect ought to be considered by the Government. In order to attract foreign investment in power sector, a guaranteed return of 16 per cent. with an assurance about fixed exchange rate, combined with the possibility of bonus related to PLF, makes one wonder why the Government have taken a wholly injudicious step. It is felt that a level-playing field must be provided to the domestic industry as well. However, under the new power policy, the electricity generating sector has been opened up to the private sector, both Indians as well as foreigners.

The normative parameters under which generating companies will operate provide for one per cent post-tax return on equity at PLF of 68.5 per cent. They will also be provided a cover against foreign exchange fluctuations. The Government of India will extend a counter-guarantee for payment obligation of the SEBs to the private sector companies on the specific request, of course, by the State Governments. Besides, an escrow account mechanism to support letters of credit will be opened in favour of the new generating companies for guaranteed payment of electricity charges. The SEBs will now deposit power charges in that escrow account. The Government has actually bent over backwards to court foreign firms by offering rates and also guarantees which it denies to the domestic industries. That is very surprising. It has also waived debt-equity norms and raised depreciation rates and other terms to a point where the investment carries no risk whatsoever. Madam, it is very interesting to point out that such ventures make no sense even in neo-classical economics where profits are a return on risk-taking by the entrepreneurs. In case of a breakdown, the guarantee from the State Government and the counter-guarantees from the Union Government would be involved.

Madam, the Government have received as many as 72 proposals to create 30,000 MW involving an investment of over Rs. 90,000 crores in private sector with foreign tie-ups. The capital cost of foreign projects is estimated between Rs. 3 crores to Rs. 4.4 crores per MW. There is an emphasis. This is very shocking that a very high cost is involved. The Eighth Plan Working Group on Power established a norm of not more than Rs. 1.6 crores to Rs. 2 crores per MW for coal-based thermal plants. For similar plants, our Bharat Heavy Electricals is quoting only Rs. 2 crores per MW. This implies that the average cost of genera-

tion from foreign projects will be double the present national average cost of Rs. 1.24 per unit. It should be noted, Madam, that the rate of return regulation leads to over-capitalisation of assets. However, if over-capitalisation is to be avoided in the private sector, definitely we need to devise a certain mechanism. Now, there is a case in point which has been mentioned by the hon. speakers before me and which is a very patent case. Besides the other foreign companies which will also follow nearly the same lines, I have to repeat perforce the Enron Power Corporation... which is permitted to start a power plant in Maharashtra, expects an internal rate of return of 30 per cent...

THE VICE-CHAIRMAN (SHRI-MATI KAMLA SINHA): If I may remind you, you have only three minutes' time.

DR. NAUNIHAL SINGH: I am concluding. Clearly, this is an extraordinarily high return and particularly so because the Government of India guarantee a rate of return of 16 per cent in dollar terms besides several incentives such as liberal debt-equity ratio of 4:1, capitalisation of interest during construction period etc. Reportedly, the Enron project involves a capital cost of Rs. 45,000 per KWH, which is more than double the cost of the 8th Plan estimates for power generation based on coal-based plants. This capital cost works out to Rs. 45,000 per KWH compared to less than Rs. 10,000 per KWH for two recently completed BHEL projects, that is, Singrauli and Chandrapura.

The price to be paid by the Maharashtra State Electricity Board to Enron is designated in U.S. currency in a bizarre form of globalisation, that is, 7.47 cents or in rupee terms, it comes to Rs. 2.39 per unit. This is gold-plated power although gas-based electricity should be a fifth cheaper.

[Dr. Nauniha] Singh]

If you calculate, after taking into account the transmission and distribution losses and price escalation, that industry will end up paying as much as Rs. 4/- per unit for Enron's power. This is four times higher than the average rate that the Indian consumer pays and it comes to 570 per cent higher than the present generation cost of Maharashtra State Electricity Board.

The whole proposal is so outrageous that even the World Bank has refused to finance this project.

That is not all. Besides, Enron will cause a foreign exchange outgo which is between Rs. 2000 crores and Rs. 9000 crores. Therefore, it will enforce continuing dependence on an expensive foreign, and that too, a petroleum-based resource.

Another estimate made by three former Chairman of the CEA and other experts shows that Maharashtra State Electricity Board would lose not less than Rs. 2000 crores on Enron even if it doubled its tariff.

On the other four recently approved projects, the Government has also faltered by showing that the current tariff would be Rs. 4500 crores. In this case, these are mind-boggling figures by any standard. They simply spell ruin for the power sector and for Indian industry. Mainly, as has been pointed out by others, the case of BHEL is really going to perish. BHEL has been in the field for a long, long time for the manufacture of equipments for power generation and even the World Bank has spoken in very high terms that the BHEL maintains international standards in the production of equipments for power generation. Therefore, there is a possibility that there is some kind of a scandal involved in such types of projects and, maybe, some kind of slush funds involved in this kind of a project and

in other projects. Therefore, I feel—and there is a similar feeling among the Members of the House—that there should be a Committee of the Members of this House which should investigate the matter thoroughly and also investigate into other similar projects which are being offered from other countries. Otherwise, it would result in a damage to the country for a long time because we would be paying in foreign exchange to these companies for a period of not less than 25-30 years. Therefore, in order to avoid that, it is better that we review the cases of all these foreign offers, insofar as the setting up of power projects is concerned. I think we can generate more power, more electricity, using our own resources, if we set our own house in order. Thank you.

THE VICE-CHAIRMAN (SHRI-MATTI KAMLA SINHA): Mr. Balanandan please. Mr. Balanandan, your time is only 10 minutes. Please try to conclude within that time.

SHRI E. BALANANDAN (Kerala): Madam Vice-Chairman, the point at discussion is a serious one because it has a vital bearing on our development.

Today, the hon. Minister of Power was saying that the Government of India was facing financial constraints for taking up power projects and that, therefore, they had to go to the private sector. For that reason, they want to invite foreign multinationals.

Before going into the details of this, I would just ask the hon. Minister, through you, Madam: What is the policy framework on which we can start? Madam, we have been using our own resources for producing 73,000 MW. The projections which we made in respect of the Eighth Plan did not work. But how do you go about it? There is resources available. It could be utilised. The primary source, the energy source—coal or oil—is also available. There is expertise available within the country.

It could be made use of. Then, there is the question of finance.

Now, Madam, to begin with, the speakers who have preceded me have pointed out that the internal production cost is below one-third of what is envisaged by this big project, which is being thrust upon us, namely, the Enron Project. The point is, the indigenous production of power is economical than that of the new projects proposed by the Government, involving collaboration with foreign multinationals.

The Government proposes to add nearly 4000 MW through these foreign funded projects, with an investment of Rs. 21,000 crores. Out of this, nearly Rs. 9,000 to Rs. 12,000 crores is being mobilised from within. The total production that is expected to come out of this is 4,500 MW. Since it is envisaged that by 1997-98, about 90,000 MW would be added, it would mean that just 5 per cent of the total production would be made available through these projects which are being suggested. What would happen is that, for this 5 per cent production, the investment cost would go up to Rs. 21,000 crores. Further, the loss of the State Electricity Boards would be Rs. 10,000 crores. This is what is going to happen.

Take, for example, the Enron Project itself. What is the cost of power, according to their calculation, according to everybody else's calculation? Nobody has rebutted it. If the power purchase agreement signed, as a bulk purchaser, the State Electricity Board may buy it and they have to distribute it. The end cost would be Rs. 4 per unit. On the other hand, in Maharashtra itself, the cost is Rs. 1.20. Therefore, the cost would be three times more. As has been pointed out, if you are going in for external collaboration with foreign multinationals, why can't you go in for global tenders? We have our own com-

pany—BHEL. It went in for nearly 90 global tenders and got 91 per cent of the bids. But the question here is was anybody in the country given a chance for a tender? It was all privately done. Somebody told me now that as per the contract we have to pay the power charges in dollar terms. When we have to pay in dollar terms, it would mean that the payments would be fluctuating daily, weekly and monthly. The total payment would be varying as per the fluctuation of the Rupee value against the Dollar. The Rupee value would be coming down and the Dollar value will be going up. Something like that will happen. Therefore, the point is that our own resource mobilisation capacity should have been taken into account by the Government. Power generation capacity by our machines should have been utilised first. Then they should consider whether coal deposits in the country can be used for increasing power production. Why do we have to import all these things? In Bombay itself, till our own gas production units capacity is increased we can go with our own coal. We need not spend any money outside. The present policy of the Government is that in the name of inviting foreign capital the interests of the economy have been forgotten and all the economic advantages have been given to the multi-nationals. The effect of it, as explained by my friend, Mr. Reddy, is that the power cost is going high, the production cost of all the industrial materials will go high and our own installed capacity of power machine production will go idle, when these people will be allowed to bring in their own machines. The net result will be that our products' capacity to compete in the internal as well as in the external market will go down. A de-industrialisation process will start. Over and above that there will be more and more need for subsidisation of electricity for our agriculture. At present the Central Government is subsidising fertilisers. So, the contracts which

[Shri E. Balanandan]

are being entered into by the Government with the multi-national corporations by-passing the Parliament and not consulting even the Maharashtra Government in this case are against the national interest. It is a disaster for the Indian economy.

Now, I come to another question. Why China is doing it, why West Bengal is doing it? All these questions are being posed by somebody, not by the Minister. He would not talk like that, perhaps. As has been pointed out by Shri Gurudas Das Gupta, the international rate of return is 13 to 14 per cent and by competitive bids we may get it for 6 to 8 per cent. That is because the total international market for power machines is in the reverse gear, because they do not find any market elsewhere. Therefore, they will have to give us on our terms. But we are going on their terms. If we go by global market, it can be reduced even to 8 per cent rate of return. Therefore, I say the nation's money is being wasted. I do not know why it is being done. Why is secrecy being maintained? Transparency is not there in this context. The West Bengal Government had to raise financial resources for the power projects, but when they approached somebody in the private sector they put all the conditions to see that indigenous machines are utilised and also that a proper yearly check is made. So many other conditions were put. But in these cases the conditions wanted by the international monopoly capital, have been agreed upon and our interests are being compromised. What did the Planning Commission say? Forget about what Mr. Balanandan has said, forget what Mr. Jaipal Reddy has said, forget what all the Opposition Members have said. The Planning Commission itself questioned the policy being pursued by Mr. Salve; and they demanded the 100

per cent guarantee given is withdrawn. They want total change in the policy of the private sector involvement in the power sector. But you never examined it. Now the Planning Commission wants a change in the policy. As Mr. Reddy said, Mr. Salve should agree to stop these projects immediately and consider the suggestions given by the Planning Commission and discuss them in Parliament. Therefore, I support Mr. Reddy. Take a new line. That is my request. Thank you.

THE VICE-CHAIRMAN (SHRI-MATI KAMLA SINHA): Mr. Suresh Pachouri. You have five minutes.

SHRI S. JAIPAL REDDY: Why don't you adjourn for lunch? Let him begin after lunch hour.

SHRI SURESH PACHOURI (Madhya Pradesh): Why, five minutes? Our party should get more time.

THE VICE-CHAIRMAN (SHRI-MATI KAMLA SINHA): Each of you got 7 minutes time. The Minister wants more time to reply. He wants at least 45 minutes time to reply.

श्री सुरेश पचोरी: महोदया, पावर-सेक्टर को बहुत कुछ प्रायवेट सेक्टर और विशेष रूप से जो फॉरेन इनवेस्टर्स हैं उनको दिए जाने पर शोरमल मचाया जा रहा है। महोदया, विदेशी पूंजी निवेश में कंसेशंस सुविधाएं और जो इनसेंटिव्स फॉरेन इनवेस्टर्स को दिए जा रहे हैं, उसके सम्बंध में बहुत कुछ बातें कही गयी हैं। मैं प्रारंभ में यह तो नहीं कहूंगा कि वह आधारहीन हैं या सत्यता से परे हैं, लेकिन उससे पहले मैं कुछ बातें कहना चाहूंगा कि दरअसल जो प्रायवेट सेक्टर है, वह पावर सेक्टर को किसी-न-किसी रूप में, प्रत्यक्ष या अप्रत्यक्ष रूप से मदद देने के लिए यहां लाया जा रहा है। यदि हम ध्यान से देखें तो 1947 में जो कैपिटली थी, वह

1400 मेगावाट की थी जोकि 31-12-93 में बढ़कर 73,373.37 मेगावाट हो गयी है। महोदया, यदि हम अपने देश का पर-कैपिटल इलेक्ट्रिक कंजप्शन देखें तो हम इस नतीजे पर पहुंचेंगे कि दरअसल यह दूसरे डवलपिंग कंट्रीज चायना और पाकिस्तान के मुकाबले में भी बहुत कम है। यह हमारे देश का 270 है जबकि चायना का 546 और पाकिस्तान का 358 है, डवलपड कंट्रीज की बात अलग रही। इसलिए ग्रोथ जनरेशन की कैपेसिटी को बढ़ाए जाने पर ध्यान देना बहुत ज्यादा जरूरी है। यदि हम पावर सेक्टर की बात करते हैं, तो जो हमारे पावर प्लांट्स हैं, वह जब हम लगाते हैं, चाहे हम थर्मल प्लांट्स लें या हायडल प्लांट्स लें, तो 5-7 वर्ष थर्मल प्लांट्स लेते हैं और 9-10 वर्ष तक हायडल प्लांट्स लेते हैं। यदि हम सातवें प्लान के इन्वेस्ट-मेंट्स पर ध्यान दें तो हम पाएंगे कि वह पर्याप्त नहीं था और उसमें जो एनर्जी शॉर्टेज थी, वह लगभग 10 प्रतिशत थी। यदि पीकिंग शॉर्टेज को लें तो वह 20 प्रतिशत थी और जब हम आठवें प्लान की बात करते हैं तो जो हमारा टारगेट था 43000 का, वह उतना पूरा नहीं हो पाता है। और उसके लिए जो हमारी पैसों की आवश्यकता होती है, जो एनर्जी मिनिस्ट्री ने फाइनेन्स मिनिस्ट्री से डिमांड की है, वह लगभग 79,600 करोड़ की डिमांड की है। तो उसमें जितना हमें आवश्यकता होती है...

उपसभाध्यक्ष (श्रीमती कमला सिंह): मिस्टर पंचौरी, एक सेकेण्ड। डेढ़ वज रहे हैं, क्या सदन की अनुमति है कि इनको अपनी स्पीच खतम करने दें।

श्री एस० जयपाल रेड्डी : इनको खतम करने दीजिए, मैडम।

THE VICE-CHAIRMAN (SHRI-MATI KAMLA SINHA): Okay. Let him finish. Then we will adjourn for lunch.

SHRI S. S. AHLUWALIA: Madam, let him continue after lunch-hour.

THE VICE-CHAIRMAN (SHRI-MATI KAMLA SINHA): All right. We now adjourn for lunch till 2.30 p.m. And Mr. Pachouri will be on his legs when the House reassembles.

The House then adjourned for lunch at thirty-one minutes past one of the clock.

The House reassembled after lunch at thirty-three minutes past two of the clock,

The Vice Chairman (Shri Md. Salim in the Chair).

THE VICE-CHAIRMAN (SHRI MD. SALIM): Shri Sureh Pachouri to continue. Mr. Pachouri you have only two minutes left. You have to conclude with two minutes.

श्री सुरेश पंचौरी : महोदय, मैं यह कह रहा था कि जो 8वीं पंचवर्षीय योजना है उसमें जो एनर्जी शॉर्टेज है वह 9 प्रतिशत होगी और पीकिंग शॉर्टेज जो है, वह 20 प्रतिशत होगा। जो प्लानिंग ग्रुप का वर्किंग कमीशन है, उसने यह मिकारिश की है कि 8वीं पंचवर्षीय योजना में 48,000 मेगावाट की जरूरत होगी, क्योंकि रिसोसिस कम है इसलिए यह तय किया गया कि 30,538 मेगावाट की जरूरत होगी। अब जो इलेक्ट्रिक पावर सर्वे है, उसके हिसाब से 1992-93 में जो एनर्जी के शॉर्टेज होंगे, वह 8.3 प्रतिशत होंगे। इसी प्रकार 1993-94 के जो शॉर्टेज होंगे, वह एनर्जी के 8.3 प्रतिशत होंगे और पीकिंग शॉर्टेज 18.4 प्रतिशत होंगे। इसलिए जरूरी है कि जो एक्च्युअल रिसोसिस हैं उनकी एवेलिबिलिटी को हम कैसे बढ़ाएं और साथ ही यह भी देखना जरूरी है कि 9वीं योजना में हम लोगों की क्या स्थिति होगी और पावर सप्लाई की क्या पोजीशन होगी? अगर हम उस पर गौर करें तो 1996-97 में

श्री सुरेश पचौरी

जो शार्टेज होगा, वह 9 प्रतिशत का होगा और पीक शार्टेज 20 प्रतिशत का होगा। इन सारी बातों को ध्यान में रखते हुए हमको यह विचार करना पड़गा कि केवल जो प्लांट्स हैं, उनको संस्थापित करना आवश्यक नहीं है, बल्कि वह प्लांट्स चालू हो जाएं और उसका लाभ आम लोगों को मिल पाए, ऐसा सुनिश्चित करना बहुत ज्यादा जरूरी है। और इसके लिए ऐसा कोई विकल्प नहीं है सिवाये इसके कि हम लोग फॉरेन इन्वेस्टमेंट से प्राइवेट सैक्टर वालों को पावर सैक्टर में इन्वाइट करें। इससे हमारे देश का कोई एक्सप्लोएटेशन नहीं होगा बल्कि हमारे देश के सामने जो भविष्य में चुनौती है, जो खतरा उत्पन्न होने वाला है जो कि विविध रूप में बहुत ज्यादा तकलीफदेह होगा आम जनता के लिए और दरसल राष्ट्र की जो तरक्की है, जो प्रगति और विकास है उसमें जो अवरोधक माबित होगा, उससे भी हम लोगों को मुक्ति मिल पाएगी, ऐसीमात्र विचार है। मान्यवर, एक बात यह कहोगई कि एक रुपए से बढ़ाकर चार रुपए प्रति यूनिट उसका रेट हो जाएगा। अगर हम इंटर यूनिटी देखें जो मिनिस्ट्री का है, तो हम लोग पाएंगे कि जो टैरिफ है उससे हम लोग अन्य कंट्रोलिंग का मुकाबला करेंगे, जैसे छोटे-छोटे देश मलयेशिया है, फिलीपींस है, थाईलैंड है, इंडोनेशिया है, अफगानिस्तान है। तो हम पाते हैं कि हमारे हिंदुस्तान का जो टैरिफ है वह देश में 2.8 से है और 3.05 है जबकि यह जो देश हैं, इसके मुकाबले में टैरिफ बहुत ज्यादा है। इसलिए यह बात बिल्कुल प्रायसंगत नहीं है कि इससे टैरिफ बढ़ेगा, बल्कि आपको यह विचार करना पड़ेगा जितनी हमारी डिमांड है, उसके हिसाब से क्या सप्लाई हो पाएगी और यदि नहीं हो पाएगी तो हमें वह कौन से प्रयत्न करने पड़ेंगे, कौन सी नीति प्रामाणी पड़ेगी जिसकी वजह से हमारे सामने आने वाले समय में बाहर का जो संकट है वह हम लोगों को न झेलना पड़े और इसलिए

आवश्यक है वह बहुत ज्यादा कम नहीं हो पाए और इसके लिए जो बीव में पावर के संबंध में चीफ मिनिस्टर्स की कॉफेंस हुई थी, उसमें भी यह तय किया गया था कि इन सब बातों को मद्दे नजर रखते हुए हमें प्राइवेट सैक्टर को पावर सैक्टर में प्रोत्साहन देना चाहिए, तभी हम आगे आने वाली जो हमारी विद्युत की गंभीर कमी होने वाली है, उससे हम लोग मुक्ति पा सकेंगे। लेकिन एक भांति उत्पन्न की जा रही है कि इन प्राइवेट सैक्टर्स के आने से स्टेट इलैक्ट्रिसिटी बोर्ड की क्या स्थिति होगी, स्टेट इलैक्ट्रिसिटी बोर्ड का क्या दायरा होगा, उसकी क्या पावर होगी? मैं सोचता हूं कि उसका काम डिस्ट्रिब्यूशन का होगा, इनका काम प्रोडक्शन का होगा। तो मैं नहीं सोचता कि उसमें कोई किसी भी प्रकार की गंभीर स्थिति का सामना हमारे आम किसानों को और आम जनता को करना पड़े। फिर भी माननीय मंत्री जी, जब अपना उत्तर देंगे तो मेरा विचार है कि इस संबंध में वह स्पष्टीकरण करेंगे। जंगम मध्य प्रदेश ने फैसला लिया है कि 5 होर्स पावर की जो मोटर हैं उसको की बिजली की सप्लाई दी जाएगी। जब प्राइवेट सैक्टर को हम लोग फॉरेन इन्वेस्टमेंट से इन्वाइट करेंगे उस समय भी मैं सोचता हूं कि उससे इस नीति पर कोई प्रभाव नहीं पड़ेगा, क्योंकि डिस्ट्रिब्यूशन का जो काम है वह स्टेट इलैक्ट्रिसिटी बोर्ड का होगा और वह इस बात के लिए बाध्य होगी कि वह राज्य सरकारों के नीतिगत फैसलों का पालन करे। साथ ही जब प्राइवेट सैक्टर को हम लोग इन्वाइट करेंगे तो उनके साथ नई नीति निर्धारित की जाए, ऐसा मैं सरकार से विचार करने के लिए अनुरोध करता हूं। मुझे विश्वास है कि पावर के संबंध में भी जो नीति बनाई गई है, वह निश्चित रूप से भारत की तरक्की और प्रगति के लिए प्रेरणादायक होगी।

SHRI RAJENDRA PRASAD MO-
DY (Rajasthan): Mr. Vice-Chair-
man, Sir, consiering the present pow-
er scenario, one must realise that

power as such is in a total chaos in our country. The industry is not getting enough power. The agricultural sector is complaining that it is not getting enough power. The average citizen is suffering because he is not getting power. I think the most uncivilised thing which can take place in any country is to think that there can be a power-cut. I have had occasions to travel a lot to the western world. I have never come across a single instance where there had been a power-cut either in Europe or in America. Recently, I had been to Japan. You may be surprised to hear that I found at my door-step a note from the hotel saying, "Tonight at 2 o'clock there will be a three-minute power-cut". The hotel management regretted the inconvenience caused to me. Against this scenario, in our country our industries go without power through a whole shift. At the time of agricultural operation we don't get power for our industries for 15 days continuously. Now, we must also study the current situation. After liberalising the Indian economy, asking the Indian industry to be globally competitive, internationally competitive and what not, is asking for too much. Our plant sizes are relatively small when compared to those in the West. Those large plants run to full capacity. They never have a thing called power cuts. Our pigmy-sized plants don't run for the whole shifts. What will happen to our unit cost of production? If this policy is pursued, either the Indian industry will be wiped off, or power will have to be given to the Indian industry on an emergency scale. If there is any question that needs to be put before the Government today, then, the first and most important question to be put is that. In post-independent India, they have been in power for almost 47 years barring minor setbacks of small periods when other Governments came in. During these 47 years how could any responsible Government allow the power situation to come to a stage when it is in a com-

plete mess? We now appreciate that the Government has suddenly realised that the situation is out of control and that it must now immediately utilise all possible means to generate power. A question that has been raised is whether the 16 per cent return should have been pre-determined given the current economic liberalism or whether the entrepreneur should have been left to himself. The investor should get his return; he should be allowed to swim or sink, depending on his situation. I think that would have meant total chaos because in today's power situation, if that was allowed, if the Government had not fixed a rate of return then you could charge any price and today you could be minting money virtually. And for an essential infrastructure, the Government could never have done this. A question then emerges whether 16 per cent return is high. China fixed it just at 14 per cent. It is now going to raise it to 16 per cent. China finds that there is no investment. We are not getting adequate investment. I have grave doubts whether the Indian investors would come forward to subscribe to any power company when it comes into the market because the rate of return while competing with other Indian industries is not adequate. Then a question emerges about the role of the foreign investors in the Indian economy. Enron is a classic example. At the first instance a question arises whether somebody will be able to pay the price of Rs. 4/- per unit in three or four years from today. I think the price will go up even higher than this. Many people are saying that the cost of setting up a plant is touching Rs. 4 crores to Rs. 5 crores per MW. I think it has already touched that price and possibly by the time a plant comes up, the prices will go up further. To dream of Rs. 3 crores, etc. per MW is out of question even at today's cost. Can we possibly think of any other scenario? In the Enron's case the only thing that immediately comes to mind is that in the first stage they are

[Shri Rajendra Prasad Mody]
going to produce 625 MW. They are going to spend Rs. 600 crores of foreign exchange for importing the middle distillate which is the fuel required in the first stage. In the second stage the fuel required is the liquefied natural gas. When we import the full gas requirement, the bill will go up substantially. Should we spend money at all on this? One sector says we are net importers of fuel; so what difference does it make if we are to import fuel for running Enron? It effectively means that we are going to import that much less fuel through the oil companies. Another sector asks why we should not go for thermal. We have been transporting coal from one part of the country to another and if we have used coal for other generating stations, then why not for Enron? Maharashtra say that is highly polluting. That is not acceptable. It is not highly polluting for the simple reason that Maharashtra cannot claim to have any cleaner air than what the rest of the country has. The rest of the country is flooded with thermal power plants based on coal. We have recently commissioned a 2000 MW single station, like the Sanjay Gandhi Thermal Power Station and a host of others. The question that emerges is: Is it necessary at all for importing fuel which would result in the outgo of more than one billion dollars in a few years' time from now just to generate power? That is the only relative question that emerges in the case of Enron apart from the fact that that price is substantially high.

Thank you.

SHRI JOHN F. FERNANDES (Goa): Sir, in the liberalised Industrial Policy of 1991, the Government made it very clear and the Prime Minister, precisely, announced from the ramparts of the Red Fort on 15th August, 1991, that in our country, we

would have to give more and more thrust for the development of smaller industries, that the major industries, which would create the infrastructure, should be given a go-by and that we should see to it that we collaborated with the foreign firms. Sir, nowadays, we see that it has become a fashion that whenever any policy is liberalised by the Government or whenever we take any loan or assistance from a foreign country, it is charged, especially, by the Opposition Benches that we are compromising our sovereignty. This has become a very common slogan with our friends in the Opposition that by anything that we do, the moment we open up our doors for the international economic activities, we are going to sell or we are going to barter away our sovereignty. We have seen from the statement of the hon. Minister that they have a deficit of 48,000 MW of power ... (Interruptions)

SHRI S. JAIPAL REDDY: Mr. Fernandes, will you please yield for a minute? I did not raise the question regarding sovereignty. Sovereign guarantee is a technical expression. When guarantees are given by the Federal Government, they are known as sovereign guarantees.

SHRI JOHN F. FERNANDES: Mr. Vice-Chairman, Sir, I did not refer to Mr. Jaipal Reddy or anybody else for that matter. I said that this was a common practice in the House. So, I did not name Mr. Jaipal Reddy. But I am happy that he has clarified his point.

Sir, I was mentioning that we had a deficit of 48,000 MW of power in this country. And in a poor, developing country like ours, electricity is taken as a luxury. In our country, because of the climatic conditions, having an air-conditioner or a heater is a necessity and not a luxury. And it is a common plight in villages that they cannot burn a tube light even because there is shortage of

power; there is a drop in the electricity. I feel that we have to rise to the occasion and see to it that this basic infrastructure is made available throughout the country at least by way of foreign help. There is nothing wrong in getting foreign help. We are a member of the international community; we are also a partner in the GATT agreement. But we have to take precautions to see to it that the discarded technology of the foreign countries is not dumped into our country. We have to take care and see to it that the nuclear plants are not transported to our country. We have many instances where there is foreign collaboration. We have a case in my State, Goa, where we have Nylon 6.6 of Taper imported from Dupon of the U.S.A. I hope the hon. Minister will give a specific reply to this point. We know the case of Chernobyl in the former U.S.S.R. Instead of going to the multinationals, it will be appropriate for our country to develop the cottage industry technology. If we go to Holland we can see that power is generated by every villager in the villages from winds and waterways, and this power is absorbed by the Government in the main grid. And this has become a sort of cottage industry in those countries. So, I hope that our Government also will give a thrust to this aspect because this is very much environment-friendly and this will avoid any pollution or damage to ecology. Will these few submissions.

Sir, I hope that the Minister will clarify my points. As far as the import of nuclear plants from foreign countries is concerned, I don't think that we have to be apprehensive that the multinationals will control our economy because the Government has already mentioned that they cannot participate with more than 40 per cent of equity shares. With these few submissions, I conclude, Sir.

Thank you.

SHRI S. VIDUTHALAI VIRUMBI
(Tamil Nadu): Mr Vice-Chairman,
Sir, thank you for giving me an opp-

portunity to speak on the subject relating to foreign investment in the power sector. Since the time at my disposal is not adequate for me to speak at length, I will deal with the specific points only. Sir, the statement of the hon. Minister says:

"Concern has been shown about high capital cost of the private power plants and the consequent high tariff. There is a statutorily established mechanism for scrutiny of the capital cost of power projects; whether in public or private sector. All power projects involving a capital expenditure over Rs. 25 crores require the concurrence of the Central Electricity Authority under section 29(2) of the Electricity Supply Act, 1948."

The hon. Minister, Shri P. V. Rangayya Naidu, while addressing a conference organised by the Chamber of Commerce and Industry, said and I quote:

"...The incentives include exemption from the techno-economic clearances for projects requiring up to Rs. 100 crore worth of investment. Also, projects with a generating capacity up to 15 MW are likely to be treated as non-conventional energy sources, making them eligible for subsidy."

In the statement made in the House, he says that if the capital expenditure exceeds Rs. 25 crores, the Central Electricity Authority's scrutiny is necessary and in his address to the conference organised by the Chamber of Commerce, he says that no scrutiny is necessary or economic viability or the technical feasibility. The statement of the hon. Minister and his speech in the conference clash with each other. I want a clarification on this point.

Not only this, I want to raise another point also. The Central Electricity Authority's scrutiny is necessary if the capital expenditure exceeds Rs. 25 crores. But I will tell you

[Shri Rajendra Prasad Mody]

what exactly is happening in practice. While the statutory notification stipulates scrutiny of the project cost by the Central Electricity Authority prior to the fixation of the tariff, in practice, tariff is negotiated and finalised even before CEA gets an opportunity to appraise the project cost. An article to this effect has appeared in the *Business Line* only two or three days ago. I want a clarification from the Minister whether this article is correct or the statement made by him is correct.

In 1992-93, the growth rate of power generation had come down from 8.5 per cent to 4.9 per cent compared to the previous year. The reason was that the Plan outlay was reduced from Rs. 5,427 crores to Rs. 2,177 crores. The Finance Ministry had authorised to raise bonds to the tune of Rs. 1,747 crores. But they raised bonds only for Rs. 50 crores. The reason attributed by them for this was that they were unable to raise money through the bonds from the market. It is a totally false statement. Everybody knows that once bonds are actually wanted to be issued by the Government, they are bought by the public financial institutions and not by the private people on the street. Therefore, if the Government wanted to raise money through bonds, they would have raised it. What I feel is that the Government had orally instructed the public financial institutions not to buy the bonds issued by the Power Finance Corporation. I feel there is an underhand dealing. This is my second charge.

For example I will tell you how the private people are raising money from the public, from the people and from those who save working very hard. During the second week of January 1991, the foundation-stone was laid at Neyveli in Tamil Nadu to set up a power generating thermal station called 'zero unit' at a cost of Rs. 397 crores, by Shri R. C. Jain.

the then Secretary, Department of Coal. When the foundation-stone was laid, Shri R. C. Jain, Secretary, Department of Coal said—it appeared in *The Hindu* on 14th January, 1991 and I quote:

"The proposal for setting up the 'zero unit' was sent to the Centre in February, 1987. This unit was not originally included in the design for the second thermal power station. But, considering the infrastructure available and the massive reserves of lignite, an additional unit was planned and termed 'zero unit'. The original plan was to erect only three units each of 210 MW capacity. The 'zero unit' set-up will now be set up at a cost of Rs. 397 crores."

Shri Jain further said and I quote:

"The World Bank and the Government of Germany had promised all possible financial assistance for the NLC projects."

The German Government and the World Bank had agreed that they would give aid. In spite of this, it has now been sold to the private sector. It happened in January, 1991. In December, 1991, the project was sold to the private sector and the cost mentioned by the private sector party was Rs. 750 crores. The cost mentioned by the Neyveli Lignite Corporation was Rs. 397 crores. The same project was now estimated at Rs. 750 crores by one ST Power Systems Inc., USA. Sir, I would like to tell you that the solvency of this company, the ST Power System, itself is in question. There is no merit in the United States for that particular company. And with that particular company you have made arrangements for an investment of Rs. 750 crores. That means instead of Rs. 1.9 crores per MW, the cost will be Rs. 3.6 crores per MW. That means, a lot of bungling has actually taken place in this particular agreement. What I feel is that either the calculation should have been wrong or some corruption had taken place at the State Government

level. Sir, apart from the ST Power System, there is another one, the G.M. Swamy Associates. That is a Rs. 800-crore project for 250 MW, using lignite. Then, Sir, there is the Jayamkondam Lignite Power Corporation Limited (TIDCO, McNally Bharat Ltd., and Siemens). That means, they all together are going to set up a project. And that power project costs Rs. 4,500 crores. That has been left with the private people. What I would like to make clear here is that these people do not have any facilities with them. What are they going to do? They are going to take all the infrastructure facilities available with the Neyveli Lignite Corporation. The Neyveli Lignite Corporation is not a loss-making company. It is a profit-making company. It is a continuously profit-making company. The private people are going to avail of the opportunities available with the Neyveli Lignite Corporation. That means, suppose it is left with the Government, the profits come to the people. Instead of that, you have decided to leave it to some private people. It means that crores and crores of rupees are going to be looted by the private people because of the wrong policies pursued by this Government. In this regard, I would like to quote how they are going to avail of the opportunities at the Neyveli Lignite Corporation. This is from the Eighth Five Year Plan document:

"The Neyveli Lignite Corporation has perserved for a long time to stabilise with the only mine—mine I with a capacity of 6.5 million tonnes. Mine II with a capacity of 4.5 million tonnes was commissioned in the Seventh Plan. The programme of expansion of capacity of Mine II to 10.5 million tonnes was taken up during the Seventh Plan and is expected to be completed in 1991-92. The capacity of the Neyveli lignite mines will thus go up to 17 million tonnes. In addition, Government has sanctioned a Float Machine (1400 litre Bucket Wheel Excavator)

or) for use in Mine I and Mine II to relieve the high capacity machines for major overhaul and to enable the overburden system to work at maximum capacity in a sustained manner. The additional lignite thus available will be utilised for power generation in a new 210 MW unit (zero unit)."

Sir, the Government has done all these things so that they can create some zero unit thermal power station. After having done all this, the Government wants to favour the private people. It clearly shows that want only you are going to support this. Actually, Rs. 897 crores were provided in the Budget for this, Rs. 827 crores were allotted in the 1990-91 Budget. When the amount has been provided in the Budget, why do you want to give it to the private people? This clearly shows one thing. And I want to say in this august House that the foundation stone was laid twice for the same project which is unheard of. In 1991, one foundation stone was laid by the Secretary Coal Department. It was taken away, it was thrown away. The private people came and they laid another foundation stone. This is unheard of in the history of any industrial unit throughout India. Such a thing has happened. That means, corruption takes place in this. Therefore, if you go on like this, one day our Parliament building will also be sold away to the multinationals. Before such a type of thing occurs in this country, we must open our eyes, we must find out where we are going. If it is allowed to go on like this, the entire property will be looted. Sir, once we sent out the British people because they were looting our country. Now we are going abroad, from country to country, inviting people again to come to India to invest. They say that it is for infrastructure. It is not so. What the Government says it that they are approaching the multinationals, they are approaching the private people because of paucity of

[Shri Rajendra Prasad Mody]

funds. 'We do not have such funds and because of paucity of funds we are approaching them.' This is what they say. But I want to remind the Government that the black money available with our industrialists as well as the deposit amount of NRIs put together would come to Rs. 5 lakhs and 20 thousand crores. I want a categorical answer from the Government as to the action proposed to be taken to tap the black money. If you had tried to tap the black money available within the country and if you had tried to tap the NRI deposits properly, you would not have the need to go to multinationals. That is why it shows that the policy pursued by the Government is against the will of the people.

They say that the public sector units are running in losses and that is why they are doing it. As Mr. Jaipal Reddy said, it is not only the guaranteed return of 16 per cent. It comes to much more. There is a 0.7 per cent incentive which he has already mentioned. It is not the normal rate of 16 per cent. If you take the international rate, it will be much more. Apart from this, there is one more concession being given, and I quote: "After 100 per cent foreign equity participation is permitted for projects set up by the foreign private industrialists in the Indian electricity sector, the condition of dividend balancing by export earning applicable to foreign investment up to 51 per cent equity is not applicable to such foreign investments in the power sector." This is another concession. Not only 16 per cent guaranteed return, not only 0.7 per cent incentive for them, even in the export obligations, they need not make any exports. That is the concession being given to them.

If you go through these various items, you will find that concessions one after another have been allowed by the Government only to see that

private people come into the power sector. Take, for example, the hydel sector. We can generate 84,000 MW of power. During the last four decades, we were able to generate only 19,000 MW of hydel power at the rate of 60 per cent of the power load factor. Now for 3400 MW, we are doing something to generate. If we put both together, it comes to 23,400 MW that we can generate from the hydel projects. What I feel is, even in the hydel sector, 60,000 MW we can generate further. If you leave these things to private sector, just imagine, how much amount they are going to earn out of it! Usually Rs. 1.6 to Rs. 1.9 crores per MW are allowed. But I feel if it is left to the private sector, the cost of one MW of power to be generated would come to Rs. 4 to 5.5 crores. And the people may have to pay three times more than what they pay now. They say that the public sector units are running in losses. I request the hon. Minister to go through these facts.

When Rajivji was the Finance Minister, in the course of his reply to the Budget debate, he said: 'As far as public sector is concerned, we should not see it with a profit and loss motive. The role of the public sector is totally different. The public sector units are having some social obligations. But private sector would not go by those social obligations.' For example, you take civil aviation. Private Sector will readily go to Delhi-Madras or Delhi-Bombay or Delhi-Bangalore or Delhi-Calcutta sector but if you ask them to go the North-East, they will not go. Therefore, social obligation is also attached to the public sector units. That being so the Government should not go only by the profit and loss motive. I feel if you take the profits of the profit-making units and the losses of the loss-making units, you will find that ultimately you earn some profit which the public sector units as a whole earn for the country. There is no net loss. There is a net profit

I have already said about the paucity of funds. You can tap the black money available and you need not go to multinationals. Regarding the concessions that you have given, I feel, it is deliberate with a view to wooing the private sector under the commands of the World Bank and the IMF. Therefore, Sir, what I feel is that when you are going about it in this manner, our State Government is also taking this opportunity and they are trying to get much out of it. They have decided to give three units to the private sector. What I feel is that when the amount involved is of the order of Rs. 397 crores in the case of one project, Rs. 800 crores in the case of another project and Rs. 4500 crores in respect of yet another project, you can imagine how much would be taken from this. This is nothing but corruption. Corruption goes on in the name of privatisation. It is nothing else. With these words, I conclude.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Shri Satish Prashan. He is not here. The hon. Minister to reply.

SHRI N. K. P. SALVE: Mr. Vice-Chairman, Sir, I am grateful to the hon. Members who have participated in the debate. I am, particularly, grateful to Mr. Jaipal Reddy for raising this matter by way of a Calling-Attention Motion because this affords me an opportunity to dispel many of the misgivings many of the disinformation and misinformation regarding the question of investment by the private sector in the power industry.

This is an extremely important area and the entire nation has to put its shoulder to the wheel in ensuring stable, adequate and cheap power supply to the country. Therefore, my Ministry has always been anxious to have a transparency in the policy we are having. Not only that. This is not something which is peculiar to this Ministry itself. This is a national task entrusted to us and we

must take the benefit from whichever source it comes to us, by way of advice and by way of guidance, in ensuring that we are able to provide stable power to the country.

As I have pointed out in my statement, the *per capita* consumption is only 268 KW hour. We are far behind the developed countries. (Interruptions).

DR. BIPLAB DASGUPTA (West Bengal): Nothing against you. I only want to point out that there is nobody to support you, at the back. It is completely empty.

SHRI N. K. P. SALVE: I am sure you would support me.

SHRI M. A. BABY (Kerala): There is a total power failure behind Mr. Salve. Mr. Salve cannot salvage the situation.

SHRI S. JAIPAL REDDY: The emptiness of the Treasury Benches indicates full faith in Mr. Salve.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Reddy, you have called the attention of the hon. Minister and not of the Members.

SHRI N. K. P. SALVE: I may submit that I can stand on my own, on the merits of my case.

DR. BIPLAB DASGUPTA: Please leave your party and join us.

SHRI N. K. P. SALVE: Sir, so far as this is concerned, let us look at the main problem completely.

SHRI N. E. BALARAM: What about the Members on your side, Mr. Salve? Why is it so empty (Interruptions).

SHRI N. K. P. SALVE: Have on me, Mr. Balaram. This is cutting into my time.

SHRI N. E. BALARAM: We will give you more time. This is bad. This is totally bad. The lady Minister is sitting behind you. Why can't she get some Members of your party who are roaming outside? Can't you find out some Members? Are they not interested in this? (*Interruptions*) I am asking you, Mr. Salve. Are they not interested in the debate? This shows their seriousness in the issue we are discussing.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Members believe in the power and strength of the Power Minister.

SHRI N. E. BALARAM: It is all right. He is capable of replying. I know him very well. But the point is, at least, some 10 Members should be there.

SHRI N. K. P. SALVE: I am at your service, Mr. Balaram. I am at the service of the House. I am the servant of the House. I am here.

SHRI N. E. BALARAM: None of the Parliamentary Affairs Ministers is present either.

THE VICE-CHAIRMAN (SHRI MD. SALIM): It is not their affair.

SHRI N. K. P. SALVE: Sir, I was submitting that this is one sector, this is one area, where we must rise above party predilections and party affiliations and look at it as a national cause. We must discard party predilections and party affiliations. Having said that, I would submit that we are open; we are open always to the advice from the Members. Here, I am glad to find that almost all the Members have said that they are not opposed to the private sector as such. This is one thing. Secondly, they also accept that investment must come from the private sector. The only question was about modality. In regard to modality, criticism has been

levelled and my policy has been indicated to which I would try to reply, to the best of my ability.

At the outset, I would start by saying that this particular policy has been endorsed by all the State Governments. There is a Janata Party Government. There is a Communist Government in West Bengal. There is the Anna-DMK Government in Tamil Nadu and the BJP Government in Rajasthan. All of them have not only approved our policy, but I reiterate they have applauded our policy.

SHRI DIPANKAR MUKHERJEE (West Bengal): But not the modalities.

SHRI N. K. P. SALVE: Policy includes modalities. Please go and ask Jyoti Babu if you have any doubt. I am making a statement here with all responsibility.

DR. BIPLAB DASGUPTA: Does it mean that the other Governments which you have mentioned also endorse this document which you have given to us? (*Interruptions*)

SHRI N. K. P. SALVE: If at all they are wanting greater flexibility for their own operations, they are asking for global bidding.

DR. BIPLAB DAS GUPTA: Are they accepting 16 per cent?

SHRI N. K. P. SALVE: They are accepting not only 16 per cent, some of them are wanting a little more to be given. The Janata Dal Chief Minister wants us to give more flexibility.

SHRI S. JAIPAL REDDY: I am not aware of it.

SHRI N. K. P. SALVE: You are not aware of it, but I am telling you. I am aware of it. Because I am aware of it. I am mentioning. (*Interruptions*) Sir, this is a fact. I am stating on the floor of the House with all

the responsibility that I have that all the State Governments, including these parties, which are not Congress Parties, in different States have unequivocally approved it. And if at all they want, they want further flexibility and liberalisation in the policy; some of them.

DR. BIPLAB DASGUPTA: Please inform us on this point. What I want to know is whether the State Governments have agreed with you on the specific policy issues. The question whether there should be private companies or some foreign companies coming or not coming, that we understand. But have they agreed to the specific points which have been raised in the discussion like 16 per cent profit being granted to them or all these exemptions? Have they agreed to these? Can you make a statement on that? (Interruptions)

SHRI N. K. P. SALVE: Please, listen to me. The West Bengal Government has negotiated an MOU with a US company for the 1000 megawatts Sagardighi plant on these terms and for the 135 megawatts Gauripur plant.

DR. BIPLAB DASGUPTA: What is the percentage of profit they have guaranteed?

SHRI N. K. P. SALVE: On these very terms they have not protested.

DR. BIPLAB DASGUPTA: Have they agreed to 16 per cent guarantee? We are asking a specific question.

SHRI N. K. P. SALVE: They have accepted the 16 per cent guarantee.

DR. BIPLAB DASGUPTA: I don't think so.

SHRI N. K. P. SALVE: This is your view.

DR. BIPLAB DASGUPTA: So far as the West Bengal Electricity Board

is concerned, it might have agreed to private sector participation. It has not agreed to the specific policy issues.

SHRI N. K. P. SALVE: Do you want to tell me that the Board is different from the State Government itself, as if it has done it against the wishes of the State Government? (Interruptions) This is the distinction which he is drawing. It will not lead us anywhere. At least it is not a rhetoric for me. I do not want to score a debating point. I have done that many times here. What I am wanting to say is this. Let us look at this entire problem and look at it a little more objectively.

SHRI S JAIPAL REDDY: Mr. Vice-Chairman, the point I am trying to make is that power is in the Concurrent List. If a notification has been issued by the Government of India, it is applicable to all the State Electricity Boards. Naturally they are trying to make use of the Notification. We are questioning the basis on which the Notification was issued.

SHRI JAGESH DESAI: In that case they should not have accepted that.

SHRI N. K. P. SALVE: I would say that there is an expert committee which went into it. They recommended it. It is not the outcome of any fertile imagination of my Ministry.

Now, I would like to go to the specific points of Shri Jaipal Reddy. I will take up the first point. What I have done is this. Whatever are the issues of Members, I have enumerated them and I wish to deal with them one by one. Then there is plenty of misinformation and disinformation about the factual information in regard to the companies. If I have time I will correct them. Otherwise I will write to the Members on the correct position.

[Shri N. K. P. Salve]

The first is: why not global bidding? This point has been very strongly made by all sections of the House. Global bidding means certainly there is much greater transparency. But, for us, power in the private sector was an uncharted area. We do not have any private companies in the power sector since independence. Apprehensions were there in my mind about what kind of response we will have, whether we will have any bidders or not.

Sir, look at the history of the whole thing. Be fair and be objective. We amended the law in October, 1991. Nothing happened. The policy commenced effectively from October, 1991. In May, 1992 we had to send a very high-powered delegation headed by the Cabinet Secretary abroad to attract capital from abroad. They went to Singapore, they went to the USA and they went to the UK in May, 1992. The delegation returned. They thought that the main requirement was two things. If we wanted investment in the private sector, they wanted that certain basics should be provided in the policy infrastructure to attract capital. They wanted security of the capital as well as the return, and they wanted pioneering efforts by some very famous, established companies in the power sector so that when they would come, they should not find that their monies were lost and that they themselves were lost absolutely in this vast country.

Sir, between October, 1991 and September, 1992, we hardly had about 12 proposals. It is no use straight away going in for bidding proposals. Right from the beginning itself you have no bidders coming forward. In the UK and the USA, in the USA especially, initially they had only one course, that is, the negotiation course. Now, of course, in some States they have a dual course, but they find negotiation to be a much better procedure.

Sir, the area, as I said, being unchartered, the States were also not ready for global bidding. The States have to be ready to put the project on the shelf and call for bids, and the best bidder will take it off the shelf. The States themselves were not ready. Therefore, the States thought that it would be better if they would advertise the project and invite parties for negotiations. Whichever parties they negotiated with, were ultimately allotted the power plants.

THE LEADER OF THE OPPOSITION (SHRI SIKANDER BAKHT): Which States?

SHRI N. K. P. SALVE: All the States advertised various projects in the newspapers and elsewhere, and on the basis of the response they received to their advertisements, they invited the parties and negotiated with them about the power plants.

I want to make it clear, I want to dispel one apprehension. I know what is at the back of your mind. So far as my Ministry is concerned, we did not negotiate for any plant or project. It is not our business. It is the business of the State Governments. We have to make things practicable and workable. If we are going to give a first-class, transport scheme for the State Governments to work upon and if it does not work in practice, it is of no use.

SHRI S. JAIPAL REDDY: Transparency does not work in India, I agree with you.

SHRI N. K. P. SALVE: No, Transparency has also to be commensurate with practicability.

SHRI N. E. BALARAM: It is not practicable in India. He is saying the same thing.

SHRI N. K. P. SALVE: Transparency is not practicable in India. Well, that is something for the State Governments. All sorts of allegations

are made here about Enron. Several things have been mentioned here in one way or the other. Shri Reddy went to the extent of saying that I was presiding over a scam. If we were to examine the scheme of the Act itself and the entire working...

SHRI N. E. BALARAM: You are taking so much time on one point. Conclude it and pass on to other points.

SHRI N. K. P. SALVE: More than half the time was taken on bidding. Leave it to me to take any amount of time on this point.

Sir, is he to decide on how much time I have to take? Was not this the absence of bidding, the main attack on my party? Now, I am giving you reason by reason. I finish here. Are you convinced? Do you accept that at this stage, bidding could not have been done?

SHRI S. JAIPAL REDDY: You take as much time as necessary. (Interruptions)...

SHRI N. K. P. SALVE: As I go on, Sir, they will agree every point that I am making.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Do you want to continue till they are convinced? (Interruptions).

SHRI N. K. P. SALVE: Much was said of China, Sir.

SHRI S. JAIPAL REDDY: You have not completed the point about bidding.

SHRI N. E. BALARAM: That is what I am saying. That is the main charge against you.

SHRI N. K. P. SALVE: Why did you interrupt me? Sit down. Do not interrupt me. I am coming to the end of the matter.

SHRI N. E. BALARAM: What is the use of getting angry?

SHRI N. K. P. SALVE: I am not getting angry.

SHRI N. E. BALARAM: Mr. Salve, there is no use getting angry because there is a point.

SHRI N. K. P. SALVE: I am only speaking firmly. I am not getting angry.

I am submitting that the States, therefore, decide to advertise, call for the people who respond to advertisements and then allot the plants to them. That, they thought, was a more practical way. I want to submit that all over the world private plants have been installed on the basis of negotiations because of the flexibility, including China. China has two plants in the private sector so far. To the best of our information, one plant has a capacity of 1,200 megawatts and the other, less than 300 megawatts. They have, there, 50 per cent of the tariff denominated in dollars in all the plants in China, payable in Yen or Hong Kong dollars. In our case, but for the solitary exception of Dabhol, which I will be coming to later, all the plants in the private sector have their tariff in rupees terms only.

All that I want to submit in the end is, we have now advised the States to go in for bidding. But it is not very easy to go in for bidding for the States because as many as fifteen clearances are required. It requires plenty of ground work. It means time and money for the States. The feasibility report itself costs crores of rupees. Many States feel, "Let the power plant which wants to come and spend money." You have to be reasonable to the States also. It is a Concurrent subject. I can go up to a point. I cannot go beyond the point. If the States feel, "It is not possible for us to keep the project on the shelf and then call for bidding" I am helpless at this stage. Therefore, we have advised them. They are wanting to work on the bidding procedure. But it is not very easy because of the practical difficulties in it. I hope some day we come to the bidding route. It is for the States

[Shri N. K. P. Salve]

basically to take that decision. I will never be able to make a statutory provision saying, "Go for bidding", I can only persuade the States to go in for bidding as far as possible. I, I were to say, "Go by bidding" I think it will be very difficult for the poorer States. Orissa is one State that will suffer. It involves so much of money involved to prepare the feasibility report, to prepare the other framework, to find out which project at which place is feasible and possible and to obtain clearances. Everyone is scared of the environment clearance. All this has to be obtained to keep the project on the shelf. It is not easy at all and therefore, at this stage, I want to share with this House my difficulty. Much as I should like global bidding, global bidding by a statutory provision will be a little too premature too early. We have advised the States. We want them to go by bidding. But their difficulties being what they are, I have left it open to them, at this stage, to negotiate after advertisement.

DR. BIPLAB DASGUPTA: You are abdicationing the responsibility of the Centre. You are saying that the States are responsible. It is the Central Government's responsibility.

SHRI N. K. P. SALVE: Please understand what I am saying. It is not possible for me to make a statutory provision that only global bidding will be accepted.

DR. BIPLAB DASGUPTA: This whole issue has arisen because the Centre which is responsible for providing power has failed in discharging its responsibility. For the last 47 years very little has been done. Do not blame States.

SHRI N. K. P. SALVE: Sir, if it goes on like this, I cannot finish in 45 minutes' time.

I am making it clear to the House that we have advised them to adopt the bidding route... (*Interruptions*).

For this purpose, how much we are committed, I want you to understand. We are organising a workshop of the State Electricity Boards of the State Governments and the Power and the Finance Departments in June, 1994 in Hyderabad to discuss and to get experts to advise how to improve the capabilities of handling the complexities of the bidding process. We are working on that. It is just not possible to get up one morning and say, "Go in for bidding". It is not possible. That is so far as the bidding procedure is concerned. I have narrated my practical difficulties practical difficulties of the States and why, at this stage, the bidding procedure was not feasible and possible for us.

Now, I come to the second important point, that is, why is there a 16 per cent fixed return at 68 per cent plant load factor? That was the second question. Shri Gurudas Das Gupta went to the extent of saying that this is opposed to all the cardinal principles of free economy. I entirely agree with him. If we could leave power or anyone to come and generate and say that the power is realised, then, of course, there is no question of providing any guarantee. But as long as you are going to have an administered price for power, how is it that you do not include a certain profit element in the administered price? Is there an administered price anywhere in the world, leave alone in our country, which does not include an element of profit? As to the reasonableness of 16 per cent, I only want to point out one thing. I have got figures of the existing private companies. A very rational point was made by Mr. Mehta, who is not here at the moment. He said: "What is the return of the existing companies when we want to give 16 per cent?" I want to point out, in Ahmedabad, the earnings... (*Interruptions*)

SHRI S. JAIPAL REDDY: This is the earning. Let that company earn 100 per cent. We are not concerned with that.

SHRI N. K. P. SALVE: Reddy Ji, I wish you had known all the statutory provisions. We have provided returns to the licensees under the old law. Now, what are they getting under the old law? Please bear with me. I am pointing out to you. On a 100 rupee share, the Ahmedabad company is getting Rs. 29.24. I am giving the 1991 figures which are available with me. In the Andhra Valley Company, on a 100 rupee share, they are earning Rs. 57.40. In the Bombay Suburban, on a ten rupee share, they are earning Rs. 28.21. The Tata Hydro company is earning Rs. 51.31 on a share of Rs. 100 and the Tata Power Company is earning Rs. 48.55 on a share of 100 rupee.

SHRI S. JAIPAL REDDY: Sir, they are old companies whose entire cost of production has already been realised and they are blue-chip companies. How are these two things compromised?

SHRI N. K. P. SALVE: Again, Sir, I will have to go to the basics. I wish he had studied the basics. Even the old companies have to be paid according to the statutory provisions. If their plants are written off, then the depreciation is less, the interest is less and on that basis, if you were to pay, then this is the kind of return they are getting. Therefore, it is not as though there is a free market available. These prices are all administered prices. That is the kind of return they are already making and by Indian conditions, you call 16 per cent return on equity high rate. In fact, the private sector already started demanding that 16 per cent is less. In a way, I am grateful to the Members that they are resisting even 16 per cent so that I would be able to ensure that they do not ask for more than 16 per cent. Sir, the licensees were getting 5 per cent above the average bank rate which worked out to 16 per cent. The licensing companies, according to old law, have been given a 5 per cent return above the bank rate. The bank

rate was 11 per cent and they were getting 16 per cent. In reality, they earning much more. (Interruptions) Sir, I submit that a fixed return of 16 per cent to be included as fixed charge in tariff, is an extremely modest return in view of the Indian conditions where the interest itself today is 15 per cent on risk capital. (Interruptions)...

SHRI S. VIDUTHALAI VIRUMBI: Out of Rs. 800 crores the actual production cost is Rs. 400 crores. But for the amount of Rs. 400 crores which is invested they are going to take 16 per cent on Rs. 800 crores. That is clear. It will come to more than 30 per cent. (Interruptions)...

SHRI N. K. P. SALVE: How do I explain to each Member? (Interruptions) Please listen to me. Then you put your question (Interruptions)...

SHRI S. VIDUTHALAI VIRUMBI: I have listened to you. That is why I am raising this. (Interruptions)...

THE VICE-CHAIRMAN (SHRI MD. SALIM): You have already put your questions. (Interruptions)...

SHRI N. K. P. SALVE: Sir, 16 per cent is not on the entire Rs. 800 crores. Sixteen per cent is only on the equity capital. I suppose the House knows it. The equity capital is approximately 20 per cent of the total production cost. On the balance of the project cost, which comes from loan, the actual interest paid by them would be allowed in the fixed cost. Now, therefore, Sir, I submit that in this view of the matter, firstly, there is no free market for power. Secondly, we have to give administered price thirdly every administered price must have an element of return. In view of the fact of how the existing companies are running and in view of the conditions in India, 16 per cent return is extremely modest.

Sir, now I come to the next point:

SHRI S. JAIPAL REDDY: What about the incremental benefits?

SHRI N. K. P. SALVE: I will come to that. Let me continue. (*Interruptions*)... The Railway Minister has already come on my head.

Sir, now comes the inflated project cost. Sir, I submit that the Parliament has, in its wisdom, enacted a law and it is provided that there has to be transparency not only in the public sector, but also in the private sector. The provisions of section 29, which are very salutary and extremely important provisions, state that the entire financial package, which includes the capital cost, is to be submitted to the CEA. It is the most unfortunate opinion of a stray Member of the Planning Commission about the CEA. I am making this statement with all the responsibility on the floor of the House. (*Interruptions*)...

SHRI S. JAIPAL REDDY: Mr. Vice-Chairman, Sir, I place my protest on record. He is referring to a Member of the Planning Commission in contemptuous terms. It is not becoming of a person of his stature. He is not a stray Member. (*Interruptions*)...

SHRI N. E. BALARAM: I agree with Mr. Reddy. The Member is not here. (*Interruptions*)...

SHRI N. K. P. SALVE: I will explain it. (*Interruptions*)...

SHRI S. JAIPAL REDDY: It is not correct. It should be withdrawn by the Minister. (*Interruptions*)...

SHRI N. K. P. SALVE: Please bear with me. Sir it was not the finding of the Planning Commission. Then I should be given an opportunity and the CEA should be given an opportunity (*Interruptions*)...

SHRI JAGESH DESAI: The Planning Commission has not said like

that. It is not so. (*Interruptions*)
He is a Member. (*Interruptions*)...

SHRI N. K. P. SALVE: It is not the view of the Planning Commission and the Planning Commission cannot make such an irresponsible statement without asking the CEA, whether the CEA is the ultimate authority or not. I maintain that the CEA is the ultimate arbiter. It is the ultimate authority in law. The Power Minister has no power... (*Interruptions*)... to give directions to it (*Interruptions*)...

SHRI S. JAIPAL REDDY: We are asking about the legal position. (*Interruptions*)...

SHRI JAGESH DESAI: You are belittling the House. (*Interruptions*)...

SHRI S. JAIPAL REDDY: How is it that a Member of the Planning Commission is different from the Planning Commission? I have not been able to understand him, Mr. Vice-Chairman. (*Interruptions*)...

SHRI S. VIDUTHALAI VIRUMBI: So, we can take it as a dissenting note. (*Interruptions*)...

SHRI E. BALANANDAN: The Government should come out with a statement. (*Interruptions*)...

SHRI N. K. P. SALVE: Balanandanj is right on why the Government does not come out with a statement. I have the statement. I am making the statement as the Minister. The statement is the joint and several responsibility of the Government. What is stated by the hon. Gentleman about the authority of the CEA is wholly untrue, incorrect and unrelated to reality. The CEA is not only the law but the ultimate arbiter in this matter. It is the factual ultimate arbiter. We can only ask of them to kindly expedite things. Beyond that kindly expedite things. Beyond that I am scared even to ask for the cost, what the project is, etc., because it

is an authority comprising of 14 top-men, 8 of them coming from transmission, generation, distribution, etc. It comprises finance people. They understand their job; they understand their weaknesses. If you start tinkering with them, there will be no end to it. You please go and ask the States whether they can take the CEA for granted. They never take the CEA for granted. Please have my assurance. I want the House to be assured that if any specific instance is brought to my notice that CEA is neglected, ignored or disregarded or even influenced, we will take the strictest action in whichever way we can. It is wrong. If this institution... (*Interruptions*).

DR. NAUNIHAL SINGH: CEA experts in technical matters, not in commercial matters. If I am correct, then why is it that SEBs are buying electricity from private and foreign companies at double the price? They can themselves produce it. How are the SEBs paying Rs. 2.50 to Rs. 3 per unit to private and foreign companies? While they are defaulting in payment to NTPC, when NTPC supplies power at 75 paise to Rs. 1.15 per unit, the CEA approved it. (*Interruptions*). Why is it happening? If the CEA has approved it... (*Interruptions*).

SHRI N. K. P. SALVE: It is very simple. This tariff of 7.5 cents per KW of the Dabhol plant works out to Rupees 2.40 per unit. We have calculated it. When compared to what the tariff would work out under the two-part formula, it would work out to less than that. So, the two-part tariff formula is the ceiling. They have made calculations. They are available. He is a very knowledgeable Member. If he were to come to me and ask this question, I would satisfy him in less than one minute.

SHRI S. JAIPAL REDDY: Who worked out this two part formula?

SHRI N. K. P. SALVE: The two-part formula we worked out in the Ministry. (*Interruptions*).

SHRI S. JAIPAL REDDY: Which Committee? Not the Committee of Mr. K. P. Rao? ... (*Interruptions*).

SHRI N. K. P. SALVE: On the basis of the K. P. Rao Committee recommendations we evolved the two-part formula. He is talking of the Dabhol Plant.

SHRI S. JAIPAL REDDY: I am not on the whole thing. I am talking of the notification. (*Interruptions*).

SHRI N. K. P. SALVE: Please, one man at a time. Let me reply to him. I would like to assure the hon. Member, Shri Naunihal Singh, that... (*Interruptions*)... If you want to politicise it, I have nothing to say. I thought that this is a very serious debate and the points made were something of which you wanted to know what they were and what the real position is. We may have a difference in perception. But understand what the factual position is. The factual position is—Mr Naunihal Singh's answer is—that 2.40 on that particular plant works out to less than what it would be. We went strictly by the conventional two-part formula. We worked out the fixed cost. We worked out the variable cost and if what the Enron is going to charge is less than what would work out according to the two-part formula, we accept that. Why, it is double the cost at which they are generating it themselves. It is simple Sir, our plants are old. The plant projects are old. Most of them have been erected on the basis of budgetary support. They never had to go to market for borrowing. Therefore, the Government plants are cheaper. So far, the power that is being produced is cheap. I want to submit one thing more. India's power today is the cheapest in

[Shri N. K. P. Salve]

the world. We have got these figures from the World Bank. The average is near 7 to 8 cents in other countries. In India, today they have given the figures that in Tamil Nadu it is 2.23 cents and in Punjab it is 3.05 cents. In 1997-98, if we were to come to 7.5, I have no doubt in my mind that even then we would be one of the cheapest. If you were to pool power ... (Interruptions).

SHRI SATISH AGARWAL (Rajasthan): Only comparables can be compared. Look at the per capita income there. How can you compare it? (Interruptions). Only comparables can be compared. (Interruptions).

SHRI S. JAIPAL REDDY: Mr. Salve is globalising the prices. (Interruptions).

SHRI N. K. P. SALVE: I am grateful to Shri Satish Agarwal. Compare the likes with the likes. How can you compare Dabhol with the existing power plants of the Maharashtra Government? (Interruption) Turn back and tell him. (Interruptions). It will be better if you sermonise him and tell him, "Please compare likes with the likes". It is very unfortunate that old Members are being questioned. (Interruptions). Mr. Vice-Chairman, how long will it go on like this? (interruptions)

SHRI S. JAIPAL REDDY: Sir, the hon. Minister said that the notification was issued on the basis of the report of the K.P. Rao Committee. It is not correct. The K.P. Rao Committee never suggested the two-part tariff formula. So, what is the basis on which this notification was issued? Will the Minister tell us this thing? Did it drop like the manna from the heavens?

SHRI N.K.P. SALVE: Sir, I have answered that query. If he does not want to understand, what do I do? I said, "On the basis of the K.P. Rao Committee Report, we evolved

the entire two-part tariff formula." And that is the basis of evolving the two-part tariff formula which is included in the notification. I am saying it for the third or fourth time... (Interruptions)...

SHRI S. JAIPAL REDDY: Okay, it is a case for privilege. I will produce the K.P. Rao Committee Report and then tell him.

SHRI N.K.P. SALVE: And I will tell you further that the two-part tariff formula, basically, follows the pattern of tariff which was recommended by the K.P. Rao Committee for sale of power by the NTPC and State Electricity Boards... (Interruptions).

SHRI S. JAIPAL REDDY: But not in regard to private investment.

SHRI N.K.P. SALVE: I am giving you the basis on which we have evolved it. How many times do I have to say this simple thing? I have repeated half-a-dozen times that on the basis of that Report, we evolved this policy... (Interruptions)

SHRI JAGESH DESAI: He understands it but he pretends.

SHRI N.K.P. SALVE: You can wake up a man who is asleep but you cannot wake up a man who is already awake like you.

Sir, the next point that I want to go to is... (Interruptions) Sir, I never thought that a discussion on such a serious matter would be taken so lightly. Listen to me. As I said in the beginning, listen to me, and if there are differences in perception, maybe, I will learn from you, because we do want to improve. But if this kind of a thing which is mainly politicking and a plenty of hilarity and merry-making is going on, nothing will come out of it... (Interruptions) Sir, they have a knowledgeable Member, Dr. Naunihal Singh, in their party. If he says something, I can satisfy him here or outside the House or in the Ministry.

The next question was: Why is foreign capital and not Indian capital being harnessed? Shri Gurudas Das Gupta is not here. He made this point. Has he got any idea of the difficulty that we have as regards harnessing of the capital in India? In 1992-93, the Finance Minister said, "You will raise Rs. 1700 crores worth of bonds for the Central Power Sector Corporation from the market." And do you know the amount of bonds that we got? It was even less than Rs. 100 crores. That is the condition of the Indian market. Where is the money? If Gurudasji can get me one-fourth of the money... (*Interruptions*)

SHRI JAGESH DESAI: We all know it and he also knows it.

SHRI N.K.P. SALVE: Why is West Bengal going in for foreign capital in such a big way? They are wanting me to help them. Why is Jyoti Basuji, who is a nationalist and who is a great leader, is going in for foreign capital? (*Interruptions*)

DR. BIPLAB DASGUPTA: It is because the Centre is not giving any money. You change the Centre-States financial relationship.

SHRI N.K.P. SALVE: That is because the Centre does not give any money to the NTPC... (*Interruptions*) He does not understand the elements... (*Interruptions*)

DR. BIPLAB DASGUPTA: I understand what you have in mind...

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Dasgupta, please allow the Minister to reply.

SHRI N.K.P. SALVE: I can take a horse to the pond water, but I cannot make it drink the water. I am submitting that the Central Government is not giving money to the NTPC, the NHPC and other such organisations. We floated bonds worth Rs. 1,700 crores, but we got Rs. 100 crores only. In that context, I am

asking: Why is Jyothi Basu going to England? Why did he want to get money from Japan? (*Interruptions*)

SHRI N.E. BALARAM: What Mr. Gurudas Das Gupta was asking was why you were not able to harness the domestic savings. You tell us the difficulty. You are asking the foreign companies to do that.

SHRI N. K. P. SALVE: Why we are not able to harness so much of foreign savings and why we are not able to harness so much of money from the savings for the power sector is a subject which will have to be debated at some other time. Suffice it to say that, as a matter of fact, I am not getting the money.

SHRI N. E. BALARAM: That is all right.

SHRI N. K. P. SALVE: It is not that we have not tried.

SHRI N. E. BALARAM: It also does not mean that the argument is totally wrong. We have to think about it.

SHRI N. K. P. SALVE: The argument is superb. It is most wonderful. It is a utopian argument. On the ground, it does not work at all. That is my submission.

What is the current shortage? There have been some figures given by us. We corrected these figures before the Consultative Committee and I want to correct them clearly before the House. The shortage of power for 1992-93, according to the 14th EPS projections, was 6.3 per cent for energy requirement and 18.9 per cent for peak shortage. As against this, the actual shortage that we have got for 1992-93 was 8.3 per cent for energy requirement and 20.5 per cent for peak shortage.

SHRI JAGESH DESAI: What are the figures for 1993-94?

SHRI N. K. P. SALVE: For 1993-94, because of higher generation capacity that would come, the EPS projection was that energy shortage would be 5.6 per cent and peak shortage would be 18.5 per cent. Actual energy shortage is worked out at 7.3 per cent and peak shortage at 18.3 per cent. These are the correct figures. But no one seemed to have doubted the serious issue that there is acute shortage of power in the country. The country is reeling under the difficulties arising out of shortage of power. Therefore, everyone has agreed. Everybody is in agreement with the need for private sector investment. Everyone agreed with the need to augment the power generation. The only thing is that they were talking about certain modalities... (Interruptions) No, please, I have no time.

It is said that BHEL would not be getting orders. I think Mr. Balanand said this. Only yesterday, I was speaking in the Consultative Committee about this. One of the Members, who is very knowledgeable, from BJP said—I was speaking about BHEL and he is from Bhopal—that orders for BHEL were full at the moment because the public sector was giving orders. Just because the private sector is coming what is the logic to say that BHEL will not get anything? The private sector must buy at the best possible price. You want bidding. We also want bidding. If they can offer good quality, it is very good. What they are deficient in is in the financial package. BHEL is unable to give any credit whatsoever. In the international market unless you are able to give credit, you cannot make a package as attractive as it ought to be. Now, the rationale for counter guarantee. Hon. Shri Reddy raised the question: Who is the Government of India to give a sovereign guarantee? In this nomenclature, sovereign guarantee there is nothing sovereign about guarantee. It is a guarantee, a counter guarantee simpliciter for the amount due by the

State Electricity Boards to the generating company for which the State Electricity Boards are primarily responsible. It is covered by an escrow account, by a bank account. If the bank fails—with the strong banking system, I don't see even a one per cent possibility of bank's failure and if the State Government also fails, then comes the question of counter guarantee by the Government of India. It is not a sovereign guarantee. It is a simple guarantee in respect of payment in case of their failure. For this, you don't need any Constitutional change. Even then, we consulted the Law Ministry as a measure of abundant caution to know whether it would be possible legally because one of the covenants is that if the Government of India has ever to pay, it will debit the account of the State concerned with the Reserve Bank of India. The Law Ministry, after a detailed examination of the matter, opined that there was nothing wrong; that this kind of arrangement was always possible administratively and that this would facilitate the working. If no counter guarantee is given—I want to make this point clear—no private sector is willing to come because the financial institutions are not willing to lend money to the private investors abroad or in India or anywhere because of the unfortunate track record of the State Electricity Boards.

SHRI GURUDAS DAS GUPTA:
What is the programme of the State Governments?

SHRI N. K. P. SALVE:
Sir, that question was not raised. In fact the Power Ministers' Conference in January, 1993, took certain very important decisions to cut upon the transmission and distribution losses. One per cent cutting, increasing the P.F. means 500 MW generation without any cost. We are wanting the States to work hard on it. Sir, I am afraid we have not been able to achieve much on that. We are working...

SHRI JAGESH DESAI: When compared to last year, it is 4 per cent more. How has it happened? Is it in the State Electricity Boards or in your Central public sector?

SHRI N. K. P. SALVE: Sir, as to how it has happened—and this is what, Gurudasji is saying—we have been relentlessly working with the State Electricity Boards. We have been telling them, and the State Electricity Boards also have realised that unless they orient their working to the entire commercial thinking, they would not be able to survive. Sir, what is happening is this. Please do not forget that 70 per cent of the power is with the State Government. Most of the transmission and distribution is there. And the difficulty is that it is a concurrent subject and I can only go up to a limit. I cannot go beyond a limit without trampling on the toes of the State Government. This is a very delicate subject. I am extremely conscious of the very delicate federal polity in the Constitutional history.

SHRI BALNANDAN: You are saying that the private sector foreign companies are assured technically a 16 per cent return. If that is taken as a pattern, can we give the State Electricity Boards that kind of a return? You will say that it is a State subject. Your answer might be like that. Is that true?

SHRI N. K. P. SALVE: Sir, it is not a question of an answer being like that. If the State Governments were to come and complain to us that, look, 16 per cent return is too exorbitant, you reduce it, perhaps, we could have set ourselves in motion thinking about it. They are happily accepting 16 per cent. In fact, one of the States is asking for more. Therefore, Balanandji, your question is something which the State Governments, unfortunately, do not share. I am convinced about 16 per cent. I have been working in the corporate finance all my life. I know 16 per cent return on equity

is extremely fair. For rhetorics, we can say anything about 16 per cent return. But I submit that we do not push down anything down the throat of a State Government.

SHRI S. JAIPAL REDDY: What about the bonus?

SHRI N. K. P. SALVE: I am coming to the incentive. Let me answer Balanandanjii. If the State Governments were to come and represent to us and tell us, give us the rationale why 16 per cent is less, then, on the basis of the K.V. Rao Report, if that is the same return we are working for NTPC and SEBs, what is wrong if the private sector may have the same? There is the same return for the SEBs, the same return for NTPC. You do not want the same for private sector, and it becomes more for private sector! I think no one knew this. This was the basis on which we worked on the two-part formula. I am grateful to Jaipalji. He has raised this issue. It has enabled me to talk about this in the Parliament and let the nation know about it. Sir, about the incentives, it is true that initially we had provided in the Notification, Jaipalji is right to some extent. Initially we had provided in the Notification—clause 1.6—that generation above 6,000 hrs., that is 68.5 per cent, shall be at negotiated rates between the generating company and the Board. Originally, the incentive part was left to the State Electricity Boards to negotiate and decide. We want a higher generation for the simple reason that they recover the entire fixed cost at 68.5 per cent. So, whatever they generate beyond 68.5 per cent, there is no fixed cost charge. It is only the variable cost, that is the fuel cost. It becomes considerably cheaper beyond 68.5 per cent. Therefore, to encourage higher generation beyond 68.5 per cent, we had to give the incentive

SHRI GURUDAS DAS GUPTA: Just I want to ask one thing. Since this 16 per cent return is a post-tax return, if you calculate the corporate tax and depreciation, according to your own calculation, it comes to what?

SHRI JAGESH DESAI: I want to add one thing. Four or five years back, when the bonds were floated, 10 per cent tax-free incentive was given by the Government. And there is no risk there. Here, the risk is there. So, Mr. Gurudas Das Gupta, you should also take this into account when you were giving 10 per cent tax-free before four years.

SHRI GURUDAS DAS GUPTA: What is actually the cost? You say 16 per cent. If you make a calculation of depreciation at your own rate, not at the rate that other people are calculating what, does it come to?

SHRI N. K. P. SALVE: As a humble Chartered Accountant, I submit that depreciation is never a return on equity. Depreciation is the depreciation on plant and machinery and adding it to equity is like adding donkey to a horse. You cannot have a donkey plus house and say it is true. Then about the post tax...

SHRI GURUDAS DAS GUPTA: What you say I understand, but what is the cost? The job of the auditor is to cover up. Everybody knows it.

SHRI S. JAIPAL REDDY: That is what Mr. Salve is doing.

SHRI N. K. P. SALVE: Sometimes, you add humour to the situation. Sir, he asked a very relevant question, and . . . (*Interruptions*) About the post tax, the entire formula evolved provides that should there be any income-tax, it will be again included in the fixed rate. That would only mean that if income-tax is to be paid, that will mean a higher

burden for the consumer and, therefore, the Finance Minister, in his wisdom, decided that there should be no tax, with the result that it will benefit the consumer.

SHRI GURUDAS DAS GUPTA: I understand your argument. I would like to know the arithmetic of it from an established auditor of the country.

SHRI N. K. P. SALVE: No established auditor anywhere in the world would be able to give this kind of calculation.

SHRI GURUDAS DAS GUPTA: I want to be on record that I am unanswered.

SHRI JAGESH DESAI: Equity is only 10 per cent of the total investment and only at 10 per cent this 16 per cent is given, not on 100 per cent.

SHRI DIPANKAR MUKHERJEE: Why do you want to take the base load through a gas turbine by increasing plant load factor from 68.5 and why not the peaking load through gas turbine?

SHRI N. K. P. SALVE: Some other time I will answer.

I was answering a very valid point about incentive. It was the negotiated between the State Electricity Boards and the generating company. I have explained to you the rationale behind the incentive because incentive means a much cheaper power, because at 68.5 per cent having recovered the entire cost, whatever power is generated thereafter, would only mean the cost of fuel. So far as the new Notification is concerned, we have fixed a ceiling on the incentive which is 0.7 per cent per every one point increase in the PLF. To bring about uniformity, this

ceiling is there because what is happening is, some States wanted to pay more and some wanted to pay less. The Chief Minister, for the AES in Orissa at one stage wanted us to grant an incentive close to 2 per cent, and I was accused of being a culprit. We brought it down to 1 per cent with great difficulty. Sir, all that I submit is, incentive is there essentially to ensure generation at 68.5 per cent because that is cheaper generation and if any more of such generation comes about, it is much better.

DR. NAUNihal SINGH: Sir, one question...

THE VICE-CHAIRMAN (SHRI MD. SALIM): You have put the question, No.

4.00 P.M.

SHRI N. K. P. SALVE: Then, Sir, about foreign capital. I am referring to some of the basic questions which have been raised about the power policy.

SHRI JAGESH DESAI: From wherever you want, you do it, but you bring power. That is my view.

SHRI N. K. P. SALVE: I submit to the House that no power is costlier than no power in this country. In regard to the question of foreign investors, it was said that the foreign investors were making investment from Indian savings. It was said that they were raising 60 per cent of the cost of the plant from here. In this connection, I would like to point out to Mr. Jaipal Reddy that his figures in relation to Enron are absolutely incorrect. I do not know where did he get these figures from.

SHRI S. JAIPAL REDDY: From this book produced by experts who have served in the power sector.

SHRI N. K. P. SALVE: The figures are here. I am giving these figures. I know that on the floor of

Parliament, I would be hauled up for breach of privilege if the figures that I am giving are wrong. The entire equity of Rs. 874 crores is in foreign currency. This is one thing. Of the debt, of the total debt, Rs. 1,453 crores is in foreign exchange. Only Rs. 585 crores is in India. You say that they are going to raise 60 per cent from Indian funds and only 40 per cent they are bringing. I have given you these figures. Did you or did you not say that 60 per cent of the investment would be from India and only 40 per cent they would be bringing in for which they would be paid money in dollars?

SHRI S. JAIPAL REDDY: Sir, at the risk of wasting the time of the House, I would point out that the Minister himself has, in his original statement, admitted that the public financial institutions in India could give loan up to 40 per cent. I am not referring merely to Enron. There are several other projects also. I do not want to mention the names. Twenty per cent can be drawn from the Indian capital market. What, therefore, remains is only 40 per cent. The equity is 11 per cent. The remaining 29 per cent is drawn from foreign loans. You kindly answer this.

SHRI N. K. P. SALVE: Would you admit that the figures that you quoted in the case of Enron were wrong? I would answer your query. I remember you said in the case of Enron, that...

SHRI S. JAIPAL REDDY: I was making a general point.

SHRI N. K. P. SALVE: You may refer to the record. You said that Enron was bringing in only 40 per cent...

SHRI S. JAIPAL REDDY: While referring to Enron, I only said that...

SHRI N. K. P. SALVE: As to the rationale of 40 per cent from the public financial institutions, I would like to point out that it is a very highly capital-intensive industry. The level of investment is in tens of thousands of crores. If we are to tap the Indian financial institutions, they would run dry and nothing would be available for the rest of the sectors in the country, which are also important areas. This 40 per cent is the maximum. It is not the minimum. It is the maximum. You can take 5 per cent. You can take 10 per cent. It is for the financial institutions to decide as to how much they want to give. What else will you do? I would like you to tell me, I would like the House to tell me: In what better way can we safeguard the interests of the other sectors unless we put a restriction on the money to be borrowed from the financial institutions? We cannot allow more than 40 per cent. Otherwise, the Indian people would come and ask for 100 per cent loan from the financial institutions. Hardly, two plants would have come. At the same time, the financial institutions would have gone dry. Therefore, we have put this restriction. That is the rationale. Therefore, I do not think there can be any logic in any opposition to this kind of thing.

Sir, at the end, all I would say is this. On the question of depreciation, originally, it was 5.03 per cent. This has been raised to 7.5 per cent. I would like to make it clear. The allegation was: Why are we giving 7.5 per cent to the foreign multinationals? The private sector projects are open to the Indian companies and foreign multinationals, equally. In fact, a good number of Indian companies are also coming forward for setting up joint ventures,

with foreign participation. The 7.5 per cent depreciation was a reasonable one. (Interruptions) The depreciation of 7.5 per cent is a very reasonable depreciation. What happens in the private sector is that over the years the cost of generation will go down. As it goes down, it will benefit the consumer.

A large many things have been stated. A mention has been made about some committee under the chairmanship of the Chairman, Siemens. We have never formed any such committee. Take my word for it. Another government may think of doing it. Whether, as you said, it is Siemens of Ziemens or it is Xmens, no such committee has been formed. Nor will it ever be formed. We have not—repeat not—ever formed such committee.

If Mr. Jaipal Reddy had consulted me on the fact he relied upon, to say that is the greatest scam, he would have found that 99 per cent of those facts did not exist except in the figment of his imagination. If that was correct, if they were existing only in the figment of his imagination, where the scam is and where the question is of presiding over that scam, may I ask?

SHRI S. JAIPAL REDDY: You are not executing the scam. You are presiding over it.

SHRI N. K. P. SALVE: Sir, I submit that the policy we have enunciated is the most rational policy, the most practical policy. It has been supported and it has been admired all over the world.

SHRI S. JAIPAL REDDY: The whole world has become your.... (Interruptions)...

SHRI N. K. P. SALVE: You are entitled to your own views. You go and get me a plant, you go and get an investor on terms better than these. I will put that as a model. It is very easy to get up and say, "What you have done is not correct." Anyone who cannot do anything, always criticises a man who is doing something. I was told in the USA, and I was told in England also, that it had taken eight years in the USA to have the first private sector plant, what we have achieved now.

Today we have cleared seven projects involving 5,132 mw. at a cost of nearly Rs. 23,000 crores, and they are close to financial closure. These plants will not get financial closure in the international market unless they are solid proposals. If we are able to commence work on ground on the 5,132 mw. projects this year, it will be a tribute to the policy which we have laid down.

Thank you very much. I thank the Members also.

SHRI S. JAIPAL REDDY: Sir, I have one last question. We are not satisfied about the allegations we levelled in regard to the modalities adopted. Will the Minister agree to have our allegations enquired into by a committee of this House? That is my simple and short question.

SHRI N. K. P. SALVE: Sir, I have said that 99 per cent of the facts he relied upon, did not exist... (Interruptions) Please, my answer is clear. They exist only in the figment of his imagination. What do I have a committee or a committee of the type you referred to, under Siemens Chairman, a non-existent committee? Sir, I will not accept any committee.

On the other hand, what I will agree to is that if there are any serious difficulties which the States are experiencing in putting the projects, I will certainly be willing to look at them not once but ten times, a hundred times.

SHRI S. JAIPAL REDDY: Sir, we are not satisfied with the reply of

the Minister. I think, the Government has committed serious mistakes amounting to a super-scandal. In protest against that, we stage a walkout, (Interruptions)...

(At this stage, some hon. Members left the Chamber.)

SHRI E. BALANANDAN: Sir, the power policy of the Government of India is retrograde and disastrous for the country. Therefore; in protest, we are walking out.

(At this stage, some hon. Members left the Chamber.)

श्री सुंदर सिंह भंडारी (राजस्थान) : आपको सदन की कमेटी स्वीकार करने में आपत्ति नहीं होनी चाहिए। यह शक बना हुआ है, लोगों ने सदेह प्रकट किए हैं और आप एक नया कदम उठाने जा रहे हैं जिसके वेलिक मॉडलिटीज पर लोगों को संदेह है तो फिर यह बहुत जरूरी है कि एक कमेटी बैठकर इन विषय पर ध्यान करे मेरा आपसे आग्रह है कि इन बातों को स्वीकार करने में आपको आपत्ति नहीं होनी चाहिए।

श्री एन. के. पी. सारदे : भंडारी जी, कम से कम एक मुद्दा भी ऐसा उठाया होता जिसमें मेरे दिमाग में या किसी समझदार आदमी के दिमाग में यह शक आता तो मैं आपकी बात मान लेता, लेकिन पूरी उसकी बजुहात मैंने आपको कंसीड कर दी कि स्टेट गवर्नमेंट्स वह प्लान पुटअप करती हैं, वह टैरिफ डिटरमिन करती हैं, उनकी जिम्मेदारी 90 प्रतिशत है और हमारी 10 प्रतिशत है। अगर वह कभी देखें, क्योंकि हर जगह कांग्रेस की गवर्नमेंट नहीं है, ए. डी.एस.के. की गवर्नमेंट है, कम्युनिस्ट गवर्नमेंट है और आपकी गवर्नमेंट है, अगर शेखावत जी आकर कहें कि साल्वे साइब यह मेरी दिक्कत है, तो मैं बैठकर उसका निराकरण करने के लिए तैयार हूँ एक दफा नहीं दस दफा। जब मैं यह बात आपके सामने रख रहा हूँ तो आपको शक क्यों लगता है कि जो भी नीति हमने निर्धारित की है, उसमें कोई बात छिपाना चाहते हैं या कोई गैर-वाजिबी बात करना चाहते हैं। हम

(श्री एन के० पी० साल्वे)

सब, आप यह मंजूर करते हैं कि प्रायवेट सेक्टर का आना नितांत आवश्यक है पावर सेक्टर में और यह सब मंजूर करने हैं कि फॉरेन इनवेस्टमेंट आए बगैर यह हो नहीं सकता। तो वजूहात क्या हैं, बेसेस क्या हैं, यह मैंने आपको समझाया और अगर इसमें स्टेट्स को दिक्कत है तो हम बैठकर विचार करने के लिए तैयार हैं। यहां मैं अदब से अर्ज करना चाहता हूं कि यह टेक्नीकल सब्जेक्ट है और टेक्नीकल सब्जेक्ट टेक्नीकल लोग ही एक्जामिन करें तो ठीक है। हम इसमें कहां पहुंच पाएंगे? इसलिए मेरा निवेदन है कि अगर स्टेट्स को दिक्कत हो तो वे हमारे पास आएंगे। हम उनकी बात सुनने के लिए तैयार हैं। उनका विराकरण करने के लिए तैयार हैं, यह मैं आपको आश्वासन देना चाहता हूं।

**1 THE BUDGET (RAILWAYS),
1994-95**

**2. RE SOLUTION APPROVING RE-
COMMENDATIONS IN PARAS
26, 28, 29, 30, 31 and 34 OF
FIFTH REPORT OF RAILWAY
CONVENTION COMMITTEE,
1991.**

**3. THE APPROPRIATION (RAIL-
WAYS) NO. 2 BILL, 1994**

**4. THE APPROPRIATION (RAIL-
WAYS) NO. 3 BILL, 1994**

THE VICE-CHAIRMAN (SHRI MD. SALIM): Now, the Railway Minister is to reply.

THE MINISTER OF RAILWAYS (SHRI C. K. JAFFER SHARIEF): Mr. Vice-Chairman, Sir, I am grateful to the hon. Members who have taken part in the debate on the Railway Budget and have made valuable suggestions. It will be very difficult for me to answer everyone nevertheless I certainly assure that their points will be taken up seriously and we will also be writing to them wherever we have not been able to say anything here just now.

Sir, we have listened to the wide range of views expressed during the discussion on the Railway Budget. Members from all sections of the House have shown keen interest in the affairs of the Indian Railways. I am indeed grateful to them all. There has been some praise and appreciation and understandably some criticism as well. I do welcome criticisms from the hon. Members for that is a very important source from which we get the valuable feedback on the Railway's performance and the expectations of the people. That enables us to respond in the best interest of the country. I would like to assure the House that all suggestions that they have made will receive our earnest attention.

The Standing Committee on Railways have taken great pains to scrutinise the Demands for Grants and the performance of the Railways and have presented their Reports on various subjects, including Demands for Grants for 1994-95. I am grateful to them for their valuable suggestions and recommendations, which will be carefully examined by the Railway Ministry and the action taken will be reported to the Committee in due course. Actually, the efforts to raise the performance of the Railways in every respect is an on-going process and I have taken the House into confidence about the steps planned to be taken.

With your permission, Sir, I would like to cover briefly the areas of achievements and the action taken by the Railways and the follow-up to the announcements made in the Budget speech.

The Experts Committee has already submitted its report on the commercial utilisation of its space and property development of the Railways. The principles for the utilisation of Government land for commercial purposes in order to raise resources for development projects are yet