

MR. SPEAKER: It is O.K. please; sit down. I shall ask your question. He wants to know if there is any special arrangement to help the farmers in the supply of power for agriculture.

SHRI N.K.P. SALVE: Mr. Speaker, Sir, a meeting of State Energy Ministers was held in 1993 in which it was decided that for agriculture, a minimum rate of 50 P. Per KW hour will be charged but that rate is not being charged by many states. If agriculture is to be subsidised, it is for the State to act. They continuously run the State Electricity Boards in losses, with the result that neither their financial performance nor fiscal performance is upto the mark. This relates to the States and it is for States to decide.

SHRI NARAIN SINGH CHAUDHARY: Food-grains are procured by the Centre, then why should the States suffer for this?

MAJOR GENERAL (RETD.) BHUWAN CHANDRA KHANDURI: This question relates to financing of thermal power projects. In part 'A' the question asked was whether thermal power plants are not running efficiently due to which the target fixed for power generation is not being achieved. In your reply, only target for thermal power generation and actual production have been given, which is 95%. In the prevailing atmosphere in the country, if the efficiency is 95.7% per cent, it is quite a good efficiency. Reply to Part 'A' should have been in the negative. This is not due to this reason. You agree there is efficiency but the data seems to be incorrect. I would like to know from you, whether the target given by you relates to the rated capacity of the projects of this is the target fixed by you keeping in view the short-comings of the plants. I hope my question will be clear now.

[English]

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SHRI N.K.P. SALVE: By 'rated capacity', perhaps what you are referring to is PLF.

[Translation]

MR. SPEAKER: There is a little bit of confusion. You may please inform about the target.

[English]

SHRI N.K.P. SALVE: Sir, the targets are not fixed by the Ministry. They are fixed by the Central Electricity

Authority keeping in view the limitations of the plants of the Centre and the States. The Central Public Sector Undertakings are doing very well but the State Public Sector Undertakings are not doing so well. Therefore, keeping in view their efficiency, their capacity, a certain target is fixed by the Central Electricity Authority. So, what you are referring to as efficiency is actually the Plant Load Factor which my colleague has already pointed out that it is 60 per cent. It is over 75 per cent in the Central Public Sector Undertakings. As far as the State Public Sector Undertakings are concerned, it differs from State to State.

Privatisation of Power Generation

*743. SHRI MANORANJAN BHAKTA: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the privatisation of power generation is likely to leave the State Electricity Boards weaker;

(b) whether it is also a fact that the privatisation would make the power costlier to the consumers; and

(c) if so, the specific plans contemplated to make the privatisation attractive to the consumers as well as SEBs also?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI URMILABEN CHIMANBHAI PATEL):

(a) to (c) A Statement is laid on the Table of the House.

STATEMENT

(A) No, Sir. On the contrary, private sector participation in power generation is likely to benefit the State Electricity Boards (SEBs) for various reasons, inter alia, including:-

(i) Bringing in the much needed additionality of resources to augment the efforts of the SEBs for capacity addition, thus releasing funds for other crucial sectors such as transmission and distribution, renovation and modernisation etc.

(ii) Entry of private sector enterprises is expected to induce SEBs to bring in prudent financial, economic and commercial practices in order to abide by the stringent payment regime.

(iii) Private sector participation would bring in state of art technology.

(iv) Private sector participation would also act as a spur to necessitate hastening of the much needed reforms of SEBs.

(B) No, Sir. It is observed that the cost of power from new private power projects is comparable with the cost of power from similar projects in the public sector in a similar period. Addition of new power projects, whether in the

public or the private sector, is, therefore, likely to marginally push up the pooled tariff of the SEB grid.

(C) Adequate mechanisms have been provided to keep a check on the costs of the private sector projects, through Central Electricity Authority's scrutiny of the cost estimates. Moreover, Government of India has made competitive bidding mandatory with effect from 18.2.1995 which would entail advantages of competition and impart greater transparency. Ministry of Power has also circulated guidelines for negotiating Power Purchase Agreements (PPA) and assists the State Governments to hire consultants, if necessary, so that professional expert advice is available to SEBs while negotiating PPAs for equitable risk allocation.

SHRI MANORANJAN BHAKTA: Mr. Speaker, Sir, the Hon. Minister, in his Statement, has already stated that private sector participation will benefit the State Electricity Boards and also the consumers.

In view of this I would like to know from the Hon. Minister whether the Government has formulated a policy or criteria for getting private sector participation and the coal-linkage arrangement which all the State Electricity Boards are enjoying and whether the said arrangement will also be provided to the private participants.

SHRIMATI URMILABEN CHIMANBHAI PATEL: Sir, the country is having an installed capacity of 70,000 M W. Every year, the demand is increasing by 8 per cent. It is assumed that it will be increased by 9 per cent during the post-liberalisation period.

SHRI MANORANJAN BHAKTA: This is no reply.

MR. SPEAKER: Let her formulate her answer please.

SHRIMATI URMILABEN CHIMANBHAI PATEL: Sir, planning has already been done for the Eighth and Ninth Plans. I could not get your second part of the question.

MR. SPEAKER: Mr. Bhakta, please repeat your second part of the question.

SHRI MANORANJAN BHAKTA: My question is that the Government has agreed that the private sector participation will benefit the State Electricity Boards and also the consumers. In view of this, I wanted to know whether the Government has formulated any policy for private sector participation and if so, please give the salient features. I also want to know whether coal linkage will be there for the participants from the private sector as is being done in the case of State Electricity Boards.

SHRIMATI URMILABEN CHIMANBHAI PATEL: The private parties have to manage all their fuel requirements.

MR. SPEAKER: No. This is a question to be decided by the Ministry of Coal. Yet, he would like to know whether

you are going to give the same facility which you are going to give to the power producing units.

THE MINISTER OF POWER (SHRI N.K.P. SALVE): Firstly, we have evolved a policy. For the first time in 1991, the Electricity Act was amended and the private entrepreneurs, the private investors were allowed to participate in the power sector after Independence. The power sector was closed after Independence for private investment. It has been opened now. We have given various incentives, both for thermal and hydel. For thermal we have given what is known as two-part tariff formula. In place of that, we have assured 16 per cent return only on equity. An incentive for generating 68.5 per cent Plant Load Factor has been assured. The two-part tariff formula comprises the fixed cost and the variable cost. The entire fixed cost covers 68.5 per cent Plant Load Factor.

Likewise, for hydel power also we have given so many incentives. As far as coal linkage is concerned, it is to be given to the private sector in the same way as is being given to the public sector.

SHRI MANORANJAN BHAKTA: Mr. Speaker, Sir, the Government is considering allowing private parties in the transmission and distribution of power. So, even the private parties are going to generate power and the State Electricity Boards will buy this power in a fixed rate. The Government will give guaranteed prices. I would like to know what are the methodologies, the mechanisms by which the Government will fix the prices for this purpose and how many such price fixation agreements have been made with the parties and the names of those parties.

SHRI N.K.P. SALVE: Sir, power purchase agreements by the private investors are entered into between the generating company and the State Electricity Boards. I may not be able to give you the precise number of power purchase agreements which have been entered into, but quite a few power purchase agreements have been entered into. The Government of India has given counter guarantee only in respect of eight projects in terms of which the Government of India would be liable to pay the generation charges, the bills which are unpaid to the generating company. In case the Government of India is called upon in terms of counter guarantee to make good the bills which are remained unpaid by the State Electricity Boards, the Government of India would be entitled to recover such money out of the devolutions in the current account.

SHRI MANORANJAN BHAKTA: What is the mechanism to fix the price?

MR. SPEAKER: The State and the power generating company are deciding the price.

SHRI MANORANJAN BHAKTA: The Government of

India is giving the counter guarantee. The Government of India is certainly aware of the mechanism.

SHRI SRIKANTA JENA: This counter guarantee is the real crux of the problem. The Hon. Minister has said that there are only eight projects which are called first track projects. I do not know what is second track and third track projects. I do not know how you will define the other 23 MoUs which you have already signed. About this first track project, what prompted you to go for this kind of 30 per cent guarantee, 16 per cent of equity and above 68 per cent, one per cent of each percentage growth. That means, NTPC's plant load factor is 75 per cent as the Minister said. So, normally any new plant will go, from day one, from 75 onwards. That means we are giving 30 per cent of counter guarantee for these eight projects. Why this is so? Why this discrimination for other projects which are coming up? Why, ultimately you have gone in for open tenders? Why not for those eight projects? What prompted you to go in for agreement for those eight projects? Why not for other projects?

MR. SPEAKER: If you go on repeating, then you will not get the reply.

SHRI SRIKANTA JENA: When the NTPC gives power at Rs. 2, these power projects are going to give power at the cost of Rs. 5. This is also another gap. Apart from this gap of Rs. 5 and Rs. 3 cost in the generation, there is also a counter guarantee of benefit. It is a bonanza. It is not seen anywhere in the world. Let the Power Minister explain the position to the House categorically.

SHRI N.K.P. SALVE: The very assumption of the Hon. Member that we have guaranteed return is incorrect. We have not guaranteed the return. All that we have guaranteed is that in case the bills remain unpaid to the generating companies...*(Interruptions)*

SHRI SRIKANTA JENA: What is this 16 per cent? What are you talking?

MR. SPEAKER: Please hear him first.

SHRI N.K.P. SALVE: All that we have guaranteed, the counter guarantee, is in respect of unpaid bills, if there are any. If the State Electricity Boards pay their bills regularly, then we have nothing to give to them.

MR. SPEAKER: Please understand.

SHRI N.K.P. SALVE: If there are any losses, if they do not make any money, they will not get any return. That is not our business. There is no privity of contract between the Government of India and the shareholder. Only privity of contract between the generation company and us is the States and the State Electricity Boards. But in case the bills remain unpaid for the power supplied by the generating

company to the State Electricity Boards and thereafter if the State Electricity Boards do not pay, then only we shall come into the picture. So, returns are not-repeat not-guaranteed by us. Whatever may be the returns that is for the company to decide...*(Interruptions)*

MR. SPEAKER: I will allow you to ask the question once more. But please understand clearly what he is saying.

SHRI N.K.P. SALVE: Sir, I have repeated so many times in this House that we do not guarantee return on equity. 16 per cent is not guaranteed by us, 20 per cent is not guaranteed by us and 30 per cent is not guaranteed by us. All that is guaranteed by us is payment in case of the bills unpaid either by the State Electricity Boards or by the States.

Secondly, why did it become necessary? It became necessary, as I had mentioned earlier in answer to one of the Supplementaries, because for the first time the power sector was open to the private investors and private investors were very reluctant to come to India only for one reason. They found that the track record of State Electricity Boards did not inspire enough confidence into people coming with such massive investment—a very high capital intensive investment requiring billions of dollars—that they come and put up a plant here to generate power, to sell power and that they do not get paid for that. That was the record of the State Electricity Boards. Even now the central public sector undertakings are supplying power to the State Electricity Boards and we do not get fully paid for it. So that was the apprehension.

The Government of India had to show that they believe in the State Electricity Boards and they agreed, therefore, initially for eight projects. Thereafter, it was considered that when we were getting adequate response, we did not think it necessary to continue with the counter guarantee.

MR. SPEAKER: I will allow Shri Jena to ask one more question.

SHRI SRIKANTA JENA: I will not contest the other part. From 18th February, 1995 the policy of the Government is to go in for tenders. Why was that not applicable when you signed for eight projects? That was precisely my second part of the question.

SHRI N.K.P. SALVE: Sir, all over the world both MoU route and the tendering route are considered...*(Interruptions)*

MR. SPEAKER: Please, not like this.

SHRI N.K.P. SALVE: Initially we were not getting any response, whatsoever. If they know, you are going in for tendering...*(Interruptions)*

MR. SPEAKER: Please.

SHRI N.K.P. SALVE: Sir, in 1993 I went to Japan and when I talked to the investors there, they said: "We have three questions, Mr. Minister, to ask you. Is our investment safe? Is our return safe? Are our lives safe?"

That is where we started. How could have we started with no bidders coming in? Now that we have adequate number of bidders coming in and more importantly I have enough supporters now to enable me to take care of the shortages, from 18th June, 1995 onwards we are going to direct them that any proposal, any scheme which will come to CEA will only be considered if it is through the bidding route. Therefore, it is to be understood that because we were new to the entire matter of investment to private power development we had to go by MoU route. I want to submit that after we have said, there is a bidding, not a single proposal is coming because States find themselves in serious difficulties.

SHRI JASWANT SINGH. Mr. Speaker, Sir, there is 16 per cent return guaranteed on the project, but I will not labour on that point

SHRI N.K.P. SALVE: Not on the labour cost I

SHRI JASWANT SINGH. I will not labour on that point My question is specifically about counter guarantee There are sovereign counter guarantees offered Therefore, I would like to know from the Hon. Minister, whether it is not correct that these sovereign counter guarantees have been granted by the Government of India despite objections from the Ministry of Finance; and that in the Dhabol Power Company project you have offered counter guarantee when initially the DPC did not actually even ask for a counter guarantee.

Is it true that the Dhabol Power Company initially did not ask for a counter guarantee and that the Government offered it. My first question really arises from this. The Government gave sovereign counter guarantee to these first track projects despite the objections of the Finance Ministry, why?

MR. SPEAKER: His question is whether it was given without their asking and secondly, whether it was given in spite of the opposition by the Finance Minister. That question, I do not know whether he would be able to answer on the floor of the House.

SHRI N.K.P. SALVE: I will answer it, Sir.

SHRI SRIKANTA JENA: Sir, the Finance Ministry has returned the file to the Power Ministry 64 times...(*Interruptions*)

MR. SPEAKER: What happened between the Ministries, the final would be put before the House.

SHRI SRIKANTA JENA: Let the file come before the House...(*Interruptions*)

MR. SPEAKER: How many times you would like to ask? If you have asked a question, get the reply also.

12.00

SHRI N.K.P. SALVE: Sir, it is the Finance Ministry which has processed the counter-guarantee and not the Power Ministry, so far as the first part of his questions is concerned...(*Interruptions*)

SHRI JASWANT SINGH: Sir, I am also well aware, which Ministry...(*Interruptions*)

SHRI N.K.P. SALVE: They have Central...(*Interruptions*)

SHRI JASWANT SINGH: It is not the Central Electricity Authority whose guarantee...(*Interruptions*)

SHRI N.K.P. SALVE: In the meanwhile some negotiations go on...(*Interruptions*)

SHRI JASWANT SINGH: It is the Government of India that has to guarantee, Sir, He is evading my question to say that it is the Ministry of Finance because that is precisely...(*Interruptions*)

MR. SPEAKER: Let us understand it.

SHRI JASWANT SINGH: Sir, I have understood it...(*Interruptions*)

MR. SPEAKER: Shri Jaswant Singhji, your question was why this guarantee, which you call 'sovereign guarantee', was given and why this guarantee was not given by the State Electricity units and was not accepted. He has explained that they were not ready to depend on the guarantee given by the State Electricity Boards.

SHRI JASWANT SINGH: Sir, I request the Hon. Minister to review my question. My question was that in the case of sovereign counter guarantees, there was a difference between the demands of the Ministry of Power and the views of the Ministry of Finance. The Ministry of Finance advised against it and despite that, sovereign counter guarantees were given. Secondly, in the case of Dabhol Power Company, initially that Power Company did not even ask for sovereign counter guarantee...(*Interruptions*)

MR. SPEAKER: The Finance Ministry would also be very careful in investment and they would not say 'yes' at the first instance...(*Interruptions*)

MR. SPEAKER: The final decision would be given to us and not the discussions between the Ministries. Otherwise, you know, nothing will be secret...

(*Interruptions*)

SHRI N.K.P. SALVE: Absolutely..

(Interruptions)

MR. SPEAKER: If finally also they have said 'no' and if the Power Ministry has done it, then the Power Ministry would be responsible. But ultimately if the Finance Ministry has agreed...*(Interruptions)*

SHRI JASWANT SINGH: May I be permitted please. ...*(Interruptions)*

MR. SPEAKER: No, please. Our intention is to explain and not to confuse.

SHRI JASWANT SINGH: Sir, I am not confusing. I am asking for that which is a fact. The Committee on Energy has examined this very aspect. The Committee on Energy has found that what I have just asserted is correct. I am merely asking the Ministry to confirm what is correct, Sir.

MR. SPEAKER: Please reply...*(Interruptions)*

SHRI JASWANT SINGH: There are two parts in my question, Sir, ...*(Interruptions)*

SHRI N.K.P. SALVE: Sir, I have replied and you have so well expounded and if the Hon. Member is not willing to understand, I am helpless...*(Interruptions)*

SHRI JASWANT SINGH: Sir, I am merely objecting to that. I accept that in comparison to the Hon. Minister for Power, who has very great acumen when it comes to legal matters, my powers of understanding are, of course, nowhere near him. When I have stated something, I have stated it factually correct based on the findings of the Standing Committee on Energy and I am asking for a clarification, which is in the national interest. That is why I am asking a question that it does exist a difference between the Ministry of Power and the Ministry of Finance.

MR. SPEAKER: This is not allowed to be asked. Otherwise, what is Cabinet secret?

SHRI JASWANT SINGH: That is different. If you disallow me...*(Interruptions)* Sir, this has come up in the Committee and I have documentary evidence....*(Interruptions)*

MR. SPEAKER: Shri Jaswant Singhji, what cannot be allowed is asked on the floor of the House. And when it is not allowed, if you say that it is not allowed, then also it is wrong. If there is a discussion or if there is a talk between the two Ministries, we are not bothered about it. We would like to know what is their final conclusion. Otherwise, there would not be any Cabinet secret at all.

SHRI JASWANT SINGH: It is not a matter of a Cabinet secret. Sir, it is a matter of the Committee's

findings and it is not a question that we are not bothered. We are bothered about the Government's malfunctioning and it is our duty to establish the malfunctioning of the Government...*(Interruptions)*

MR. SPEAKER: We shall have to project the correct picture before the people also. If the Government have committed any mistake, we will certainly hold them accountable. But we would not like to present it in such a fashion that there is a misunderstanding about it. ...*(Interruptions)*

SHRI JASWANT SINGH: Sir, there is no misunderstanding...*(Interruptions)*

SHRI SOBHANADREESWARA RAO VADDE: Definitely it was a great mistake...*(Interruptions)*

MR. SPEAKER: Now, Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Issue of Passports

[Translation]

*744. SHRI MAHESH KANODIA:

SHRI S.M. LALJAN BASHA:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether the Government have fixed any time limit for the issue of passports;

(b) if so, the details thereof; and

(c) the number of cases where issue of a passport took more than two months time during the last two years, passport office-wise?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI R.L. BHATIA): (a) to (c) For functional and practical reasons, it has not been found possible to fix a time limit for the issue of a fresh passport. The issue of a passport involves several steps including scrutiny of the application and required documentation; processing; police verification; and, preparation and issue of the passport. The number of applications received in a given office also has a bearing on the time taken for the issue of a passport; as also the availability of infrastructure including staff strength. Keeping in view MHA's concurrence that a passport may be issued if police verification report is not received in three week's time, the endeavour of the Passport Offices is to issue a passport in a period of about one month. Currently, 17 out of 23 Offices are issuing passport in 6-8 weeks. A number of steps have been taken to upgrade office facilities including computerisation of