

(b) The unitwise details of losses incurred by FCI and HFC are as under :

(Rs. crores)

Unit	Financial Year		
	1992-93	1993-94	1994-95 (provisional)
FCI			
(i) Sindri	26.98	52.86	50.88
(ii) Gorakhpur	58.47	57.98	65.34
(iii) Ramagundam	58.06	53.56	102.35
(iv) Talcher	72.81	93.11	118.43
HFC			
(i) Namrup I, II & III	111.05	118.35	154.80
(ii) Durgapur	122.93	118.86	126.93
(iii) Barauni	117.28	128.11	126.33

(c) to (f). The Government has recently approved, in principle, the revival packages for FCI and HFC which envisage revamp of Sindri, Ramagundam and Talcher units of FCI; and Barauni, Durgapur and Namrup units of HFC. Since the revamp of Gorakhpur unit of FCI and that of Haldia project of HFC was not found to be economically viable, it has been decided to consider the option of attracting private capital for their rehabilitation. These revival packages would entail a fresh investment of Rs.2201.13 crores (Rs.1736.20 crores for FCI and Rs.464.93 crores for HFC), apart from capital restructuring and other financial reliefs to the undertakings concerned.

Arrangements for funding the revival packages have not been tied up so far. The implementation of the revival packages is contingent on tying up of funding arrangements and approval of the same by the Board for Industrial and Financial Reconstruction (BIFR), which is a quasi-judicial authority.

Construction Centres to Advise Low Cost.

2618. SHRI RAM SINGH KASHWAN : Will the Minister of URBAN AFFAIRS AND EMPLOYMENT be pleased to state :

(a) whether the Government are contemplating to set up construction centre throughout country to propagate the use of low cost building material for local institutions;

(b) if so, the number of such centres set up so far;

(c) the number of such centres proposed to be set up in the near future; and

(d) the locations thereof?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT (SHRI P.K. THUNGON) : (a) and (b) A Central sector scheme for establishment of National Network of Building Centres for propagating the use of low-cost building materials technology is under implementation since 1988-89. As on 01-5-1995, 422 Centres have been identified, out of which 204 Centres have become functional in various States/UTs.

(c) and (d) The scheme aims at setting up a building centre in each district of the country. The Eighth Plan target is to operationalise 250 Centres in various States/UTs.

[English]

Foreign Companies in Power Sector

2619. SHRI SOBHANADREESWARA RAO VADDE :

SHRI CHANDRA JEET YADAV :

Will the Minister of POWER be pleased to state :

(a) the latest policy approved by the Government in regard to establishment of Thermal Power Stations to be set up by Foreign Companies; and

(b) the specific instructions from the Union Government to the State Governments in respect of guarantees and counter guarantees?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI URMILABEN CHIMANBHAI PATEL): (a) The details of private power policy which was initiated in 1991 are given in the statement attached.

(b) Recently Government of India (GOI) have advised the State Governments that since GOI has decided not to offer counter guarantee beyond the initial 8 fast track projects, the State Governments may enter into dialogue with the private promoters and work out suitable alternatives which could act as a means of comfort to the investors. Some of the possible alternatives posed for consideration of the State Governments are as follows :

- (i) Direct power supply by Independent Power Producers (IPPs) to High Tension (HT) consumers.
- (ii) Opening of an Escrow account on which identified payments by consumers are credited and the payment liability to the IPPs is a first charge on this account.
- (iii) Linking of power generation with distribution.

STATEMENT

Incentives/Guidelines of the Policy to Encourage Greater Private Investment 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.100 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.

Promoter's contribution should be at least 11% of the total outlay.

To ensure that private entrepreneurs bring in additionality of resources to the sector, not less than 60% of the total outlay for the project must come from sources other than Public Financial Institutions.

Upto hundred per cent (100%) 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% 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% and this rate has also been extended to machinery required for modernisation and renovation of power plants.

A five year tax holiday has been allowed.

The excise duty on a large number of capital goods and instruments in the power sector has been reduced.

Upto 16% 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% PLF. Attractive incentives are prescribed for performance beyond this PLF.

Tariff can be fixed in deviation of norms stipulated in the March, 1992 tariff notification provided that the per unit tariff does not exceed the per unit tariff worked out on the bases of the norms.

Specific incentives for generating companies

Normative parameters notified which inter alia provide for 16% return on equity at 68.5% PLF and upto 0.7% return on each incremental 1% PLF.

Generating companies operating coal based, gas based and hydro projects can sell power on the basis of a suitably structured two part tariff.

The tariff and other norms specified are the ceiling norms and allow Boards and Generating Companies to agree on improved norms.

Premium raised by the Generating Company while issuing share capital and investment of internal resources created out of free reserve of existing company shall also be eligible for return of equity provided such amount is actually utilised for meeting the capital expenditure of the power generation project and forms part of the financial package approved by the Authority.

The tariff norms for Hydro-electric projects have been liberalised such as providing Capacity Charge, Primary Energy Charge, incentive of upto 0.7% rise in ROE for each percentage point increase in availability of installed capacity beyond 90%.

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% in place of the previous 2% above the RBI rate.

Capitalisation of Interest During Construction (IDC) at actual cost (for expansion projects also) as against 1% over RBI rate as it was before.

Special appropriations to meet debt redemption obligations.