

Title: Regarding situation arising out of sale of entire share of National Hydel Power and steps taken by the Government in this matter.

14.10 hours

The Lok Sabha re-assembled after Lunch at ten minutes past Fourteen of the Clock.

(Mr. Deputy-Speaker in the Chair)

SHRI S. JAIPAL REDDY (MIRYALGUDA): Sir, I call the attention of the Minister of Power to the following matter of urgent public importance and request that he may make a statement thereon:

"The situation arising out of sale of entire share of National Hydel Power Corporation to National Thermal Power Corporation and steps taken by the Government in regard thereto."

THE MINISTER OF POWER (SHRI P.R. KUMARAMANGALAM): Mr. Deputy-Speaker Sir, in the last 50 years, despite impressive growth of electricity sector from 1300 MW to 95,000 MW....

SHRI S. JAIPAL REDDY : Sir, I would like to make a point.

We table notices for Calling Attention Motion so that we can get specific replies to the specific Motion. You may kindly go through the reply. The reply does not refer to the Calling Attention Motion at all. Such an evasive reply has never been seen in the history of Parliament.

MR. DEPUTY-SPEAKER: You can make your point when you raise your question. Now let him make his statement.

SHRI S. JAIPAL REDDY : I have gone through the statement. He was good enough to have circulated his statement to us...(Interruptions)

SHRI BASU DEB ACHARIA (BANKURA): Sir, you go through the Motion and the statement of the Minister.

MR. DEPUTY-SPEAKER: Shri Acharia, let him complete his statement and then both of you can go on to form your questions. You may bring these points at that time.

SHRI BASU DEB ACHARIA : But we seek your protection.

SHRI S. JAIPAL REDDY : You look at the nature of the reply.

SHRI BASU DEB ACHARIA (BANKURA): Members have the right to get a correct and categorical reply from the Minister.

SHRI P.R. KUMARAMANGALAM: It is categorical.

SHRI BASU DEB ACHARIA : He has not mentioned anything about the Calling Motion at all.

MR. DEPUTY-SPEAKER: Shri Acharia, let him make his statement.

SHRI S. JAIPAL REDDY : Sir, we wanted to know as to whether NTPC has taken over the entire share of NHPC or not...(Interruptions)

MR. DEPUTY-SPEAKER: Let him make his statement as per the rules.

SHRI S. JAIPAL REDDY : The statement relates to the power situation in the country.

MR. DEPUTY-SPEAKER: Shri Jaipal Reddy, let him make his statement. After his statement, you can raise your point. You have got every right to raise it.

SHRI S. JAIPAL REDDY : You are right about the procedure part...(Interruptions)

SHRI BASU DEB ACHARIA : He is allowed to make a statement outside the House...(Interruptions)

MR. DEPUTY-SPEAKER: He is making a statement inside the House now.

SHRI P.R. KUMARAMANGALAM: Sir, I think it will be appropriate to respond now. The notice deals with a situation which has not arisen and I had pointed it out to the hon. Speaker saying that the situation has not arisen. The notice says "the situation arising out of sale of entire share of National Hydel Power Corporation to National Thermal Power Corporation and steps taken by the Government in regard thereto". I said that the situation has not arisen and requested the Speaker to therefore take into consideration the facts placed before him. In his wisdom, the hon. Speaker decided to admit this Calling Attention Motion. Now, there is no sale which has taken place nor has a decision been taken to make a sale.

">SHRI S. JAIPAL REDDY : But you have not said that.

">SHRI P.R. KUMARAMANGALAM: But certain background situation exists. Since it has come up before the House, I have set out the whole background situation and said that it is this which, I am sure, the hon. Members were referring to. I do not see anything wrong in that. That is the best that I can do.

">SHRI BASU DEB ACHARIA : Except that, you have said everything...(Interruptions)

">MR. DEPUTY-SPEAKER: No running commentary please.

">SHRI P.R. KUMARAMANGALAM: Sir, in the last 50 years, despite impressive growth of electricity sector from 1300 MW to 95000 MW, shortages continue to persist. The energy shortage and peaking deficit presently is 4.8 per cent and 13 per cent respectively. Despite opening up of the power sector for investment by private sector in the year 1991, due to poor financial health of State Electricity Boards (SEBs), limited escrow space available, SEBs have not been able to sign PPAs resulting in non-achievement of financial closure. This has resulted in shortfall in capacity addition by the private sector. In the Eighth Plan, as against the target of 30538 MW, the achievement was only 16422 MW. Against a target of 40245 MW during the Ninth Plan, the capacity addition estimated to be realised is 28097 MW.

">The Central Electricity Authority (CEA) has in the Perspective Plan for Power Development prepared with the objective of meeting a peak demand of 1,76,647 MW by 2012 has estimated the requirement of a cumulative installed capacity of 2,40,000 MW. In order to meet power on demand by 2012, the CEA has estimated that the generation capacity should be augmented by at least 1,27,806 MW during the X and the XI Plans, of which hydel capacity addition is likely to be 38,973 MW. However, this would result in hydel : thermal mix of 28:72 and poor utilisation of some thermal plants which would be running due to this situation at 3 to 15 per cent PLF. In order to improve hydel:thermal mix, to a ratio of at least 34:66, which would lead to better utilisation of thermal power plants and stable frequency regime, it would be necessary to augment the hydel capacity addition to 51,600 MW during the X and the XI Plans.

">In order to implement a Power Development Programme (PDP) involving a capacity addition of 1.28 lakh MW during the X and the XI Plans and associated transmission and distribution systems, the requirement of funds would be of the order of Rs.11 lakh crore. The Ninth Plan has provided for a Plan Outlay of Rs.1.25 lakh crore, of which the Central Sector Outlay is Rs.53,299 crore and State Sector Outlay is Rs.71,227 crore. It would, therefore, be seen that the resources likely to be made available in the X and the XI Plans would be of the order of Rs.2.5 lakh crore and would have to be substantially augmented to a level of around Rs.11 lakh crore by mobilising resources. The various options that could be considered jointly and severally are:

">Higher Plan Allocation;

">Levy of Cess on Power Generation;

">Upward revision of tariff;

">Securitisation to enable CPSUs to realise their dues from the State Electricity Boards;

">Implementation of Power Sector Reforms;

">Greater Involvement of the Private Sector in Generation, Transmission and Distribution; and,

">Financial Engineering like acquisition, amalgamations/mergers and/or Disinvestment.

">In order to enable Government to implement a massive Power Development Programme including improvement in the Hydel-Thermal mix by 2012 so that power could be made available on demand, it would be necessary to explore several options. In this context, NTPC has appointed M/s. ICICI to analyse various options for financial engineering and disinvestment in the Central Power Sector Undertakings. The final report of the ICICI is awaited.

">I would request hon. Members of this hon. House to suggest the feasibility of pursuing the various options so that the Government could pursue an accelerated Power Development Programme and also improve the Hydel-Thermal mix that is so necessary during the time-frame upto 2012.

">I am making available some data to the Members in support of the statement as annexures.

">Sir, before I take the seat with your permission, if I may state that actually what, I believe, should have been the basis for the hon. Members to raise this Calling Attention is that I had, in a particular Seminar/Conference in Bombay when I addressed how do I plan to address the resources for achieving a target of Power on Demand by 2012, said various options are there. One of the options is to do an acquisition, amalgamation and merger between the two major Public Sector Undertakings, the NTPC and the NHPC, for the purpose of leveraging their strengths to raise greater resources. I said this is one of the options. It is one of these options which has been indicated very clearly by the term "financial engineering" like acquisition, amalgamation, merger and/or disinvestment.

">Even there, I had also said another thing which I must say here and that is, one other option which was given was disinvestment of shares of the NTPC or, maybe, creating subsidiaries, carving out a few power stations in terms of subsidiary share sales. But all these are under the consideration of the ICICI. We are awaiting their recommendations. But since this House is now seized of the matter, I would not like to lose this opportunity of getting appropriate advice from the Members before the Government takes a final decision in the matter.

SHRI S. JAIPAL REDDY (MIRYALGUDA): Mr. Deputy-Speaker, Sir, at the outset, I would like to, once again, record my strong protest against the totally diversionary reply. There is a design in this diversionary reply. I do not accuse Shri Kumaramangalam of incompetence. Therefore, I would not like to think that he gave the reply inadvertently.

">Sir, our Minister has developed a technique, and deliberately, of speaking first and seeming to think later, He thinks first, then speaks, to check out and prepare the mind of people for the shock he is going to administer. He made a proposal first at one business meeting that he was thinking of hiving off some NTPC units in favour of the private entrepreneurs. Later, even before people could absorb the proposal, he was so febrile in his imagination that he came forward with another proposal at another business meeting that the whole of NHPC could be taken over by the NTPC with a number of wonderful, multiple objectives. One was, of course, that he was more bothered about the fiscal deficit than poor Yashwant Sinha who was not in the know of it, to the best of my knowledge. He said that the NHPC would be taken over by the NTPC for Rs.4,500 crore.

">SHRI P.R. KUMARAMANGALAM: That is the value of the equity.

">SHRI S. JAIPAL REDDY : Whatever be the basis of the figure, he mentioned it and he also said that in the first year Rs.2,500 crore would be made available from NTPC and in the second year the remaining amount of Rs.2,000 crore would be made available. There is an element of deliberate casualness in all these things. I am afraid, I do not like to believe this, there is a cynical pattern in this persistent casualness.

">SHRI P.R. KUMARAMANGALAM: Very neatly bordering on non-offensive statements!

">MR. DEPUTY-SPEAKER: Even the Minister cannot interrupt.

">SHRI S. JAIPAL REDDY : Sir, what is the position of the NHPC and NTPC? Both are scheduled public sector undertakings. The Minister, with his tongue firmly planted in the cheek, has always been talking of autonomy of these PSUs. When he made this proposal, the NHPC and NTPC were totally in the dark. They reacted with loud shock; they reacted against this.

">The NHPC was not willing to be bought. The NTPC was not willing to buy. And the Minister made a statement.

">What is the value of NHPC? According to my information, the book value of NHPC is Rs. 10,650 crore. The market value of NHPC is Rs. 20,000 crore. NHPC is a profit-making and dividend-paying company. In fact, the credibility of NHPC is so high not only in the national market but also in the international market that a Canadian finance company gave a loan of Canadian \$ 189 million which roughly amount to RRs. 500 crore at 13 per cent rate of interest without any collateral securities.

">Now, Shri Kumaramanglam would like to make a distress sale. He will say, "To whom am I selling? I am selling to another public sector undertaking." Except that, both of them produce power, there is nothing in common between NTPC and NHPC. Both of them have turbines. That is the reason why perhaps our Minister seems to think that both of them are all right. They do not mesh well. The technology involved is totally different. They are two different kettles of fish. Nobody can say that this is a wonderful example of core competence.

">Now, why is NTPC not willing to buy? It is because NTPC is again a profit-making company. It is a dividend-paying company. It does not want to get mixed up in an area to which it is a stranger. NTPC has reserves of only Rs. 2,500 crore. NTPC requires this amount very badly. The installed capacity needs to be augmented appears to be the burden of Minister's long boring song which he presented in the form of a statement but, that purpose would not be served. If Rs.2,500 crore reserves are taken away by Shri Yashwant Sinha due to the grace of Shri Kumaramangalam, NTPC will be cash-strapped. NTPC will be left with only power bonds worth Rs. 3,500 crore and they will have to be sold at a discounted value. So, NTPC is afraid of being reduced to bankruptcy. As it is, NTPC from another level - at the macro angle - is facing a financial crisis. More than Rs. 13,800 crore are owed to the NTPC by various SEBs in the country. They are doing nothing to get them collected. The same is the case with NHPC. More than Rs. 3,000 crore are owed to NHPC by various SEBs in the country. They are doing nothing. Nobody - not even Shri Kumaramangalam - can say that NHPC and NTPC have not been doing well. May I point out that the Disinvestment Commission headed by Shri G.V. Ramakrishna made a report that NHPC and NTPC should not be allowed to disinvest because they are in the core sector? What it suggested was that it could think of strategic tie-ups. Shri Kumaramanglam, who is, of course, a financial wizard in his own right, in total defiance of this recommendation of the Disinvestment Commission is thinking of disinvesting the stock of NTPC.

">Our Governments, I would say all Governments – the Congress Government, the UF Government and this Government – have been setting a lot of store by the independent power producers. How much could they produce during the last 7-8 years? Hardly 1500 m.w. of power. In anticipation of the great potential of IPPs, the NTPC and NHPC were not allowed to produce anything at all. As a consequence of this, in 1997 and 1998 calendar years, there was zero addition. But later we realised that the IPPs were not able to rise to the occasion, were not able to accept the challenge. We, therefore, had to fall back upon the NTPC. With the result in 1999, in one calendar year, we added 1556 m.w. of power. I have mentioned all this to show how casually the hon. Minister is going about on this serious issue.

">Now, let me refer to the ridiculous nature of the proposal about which the hon. Minister wanted to be educated. The Minister said that he wanted to be educated. I do not mind that.

">MR. DEPUTY-SPEAKER: You have to come to the question now.

">SHRI S. JAIPAL REDDY : I am coming. I think, in the presentation I am asking questions are inherent.

">Sir, for the first time in India the President of India, who owns the shares of NHPC, will sell all its shares to himself because he is also the owner of NTPC. NTPC parts with its reserves worth Rs.2500 crore. Then, the NTPC will face financial difficulties. The President of India will ask the Finance Minister to support NTPC through budgetary allocation. Can there be a more ridiculous, preposterous arrangement than this, Sir?

">We told the Government last year that cross holding last year was absolutely wrong. We would say that this sort of arrangement is doubly wrong. This is not the way to reduce our fiscal deficit which is actually to exceed Rs.1 lakh crore. I would request the hon. Minister, for that elusive objective not to kill these two organisations.

">Now, I would like to refer to the dangerous implications of the seemingly innocuous proposal. With one 'friendly' blow, both the organisations, that is, NTPC and NHPC, would be grievously wounded. According to the press reports, Korba and Vindychal, which are highly profit-making power houses are on sale. That is what the press has speculated. The hon. Minister should kindly deny it.

">SHRI BASU DEB ACHARIA : He has not denied it.

">SHRI P.R. KUMARAMANGALAM: No.

">SHRI S. JAIPAL REDDY : And he wants to encourage private investment. I am not, per se, opposed to private investment in power sector. From the days of Enron to the days of Hindujas, I have not been opposed to it and per se. But I am only opposed to the opaque manner in which he encourages and organises disinvestment private involvement.

">Take the examples of Vizag project, NTPC setting up Simadri project. It is able to generate power at Rs.4.80 crore, where as the projected cost of the Hindujas project is Rs. 5.74 crore.

">There is a difference of 40 per cent in the price. Both are thermal stations. Both are located in Vizag. Both are being set up at the same time ... (Interruptions)

">MAJ. GEN. (RETD.) B.C. KHANDURI (GARHWAL): Mr. Deputy-Speaker, Sir, I have a point of order.

">MR. DEPUTY-SPEAKER: What is your point of order?

">MAJ. GEN. (RETD.) B.C. KHANDURI : Sir, under rule 192, I would like to know whether the hon. Speaker has fixed any time-limit for these speeches.

">... (Interruptions)

">SHRI SOMNATH CHATTERJEE (BOLPUR): On an informal point you are asking a question. ... (Interruptions) Shri Jaipal Reddy, you exercise your self restraint and you finish when you have completed.

">MAJ. GEN. (RETD.) B.C. KHANDURI : You are giving the ruling on behalf of the Deputy-Speaker.

">SHRI SOMNATH CHATTERJEE (BOLPUR): He is my very valued colleague. ... (Interruptions)

">MR. DEPUTY-SPEAKER: Shri Jaipal Reddy, please wind up.

">SHRI S. JAIPAL REDDY : Okay Sir, I take the hint from the hon. Member and the Chair and I will try to wind up.

">The Minister has cleverly set up Power Trading Corporation and that Power Trading Corporation will buy power from the mega power projects which are being permitted zero import duty. That Power Trading Corporation will get guarantees from the Government of India. In other words, the power to be produced by mega power projects will once again get sovereign guarantees, will once again get counter guarantees (Interruptions)

">MR. DEPUTY-SPEAKER: Shri Jaipal Reddy, you will have to coin your question now.

SHRI S. JAIPAL REDDY : Therefore, my point is, please for God sake give up these totally ridiculous but dangerous proposals and make a statement to this effect. The power consumers all over the country are exercised over this. Please for God sake save both NHPC and NTPC. I hope that the Minister will take a positive look at this.

SHRI BASU DEB ACHARIA (BANKURA): Mr. Deputy-Speaker, Sir, at the outset I would like to register my protest the way the Minister of Power has replied to the Calling Attention Motion submitted by us.

">Sir, there is a difference between the statement that he made on the floor of the House and the information which was given to the hon. Speaker. There, he has stated and I quote:

">"In order to provide the impetus for hydro power development it would be advantageous to use synergy and combined strength of both NTPC and NHPC. The financial strength and managerial capabilities of NTPC could be mobilised along with technical skills of NHPC for accelerated hydro power development. NHPC has been entrusted with the

implementation of three hydro electric projects namely ..."

">All these he has mentioned. It further says:

">"It is, therefore proposed to mobilise the resources by leveraging the financial strength of NTPC for hydro development."

">But here he has avoided everything. ... (Interruptions)

">SHRI P.R. KUMARAMANGALAM: Shall I request you to yield for a minute?

">SHRI BASU DEB ACHARIA (BANKURA): Why not?

">SHRI P.R. KUMARAMANGALAM : Mr. Deputy-Speaker, Sir, there is small problem here. Firstly, if correspondences between the Speaker, the Office of the Secretariat and the Government are to be referred, I would like to know whether it is referable on the floor of the House. Secondly, if it is to be referred to, then the whole communication must be referred, not parts. ... (Interruptions)

">SHRI BASU DEB ACHARIA : You can inform the Speaker but you cannot inform the House the exact position in regard to the subject matter which is under discussion. ... (Interruptions)

">SHRI P.R. KUMARAMANGALAM: That is not fair. Sir, it is a matter of rule. I would like to know whether it is possible. I have no problem. I will explain the question.

">But then he must read the whole paragraph. He cannot read the parts and portions to his sweetwill.

">MR. DEPUTY-SPEAKER: You are referring to what note? Shri Basu Deb Acharia, what is it you are referring to?

">SHRI BASU DEB ACHARIA : It is a note given by the Minister to the Speaker.

">MR. DEPUTY-SPEAKER: I am asking you this. What is it you are reading? Is it a statement?

">SHRI BASU DEB ACHARIA : The note given by the Minister to the Speaker.

">MR. DEPUTY-SPEAKER: He has given a note.

">SHRI BASU DEB ACHARIA : I have quoted from the note given by the Minister to the Speaker.

">MR. DEPUTY-SPEAKER: Shri Basu Deb Acharia, when you refer it, you refer it fully.

">SHRI P.R. KUMARAMANGALAM: You can quote it. I have no objection. If you quote it, you quote it fully and place it on the Table of the House.

">SHRI BASU DEB ACHARIA : I can authenticate it. Why should there be a difference?

">SHRI P.R. KUMARAMANGALAM: The point is not that. The point is normally (Interruptions)

">SHRI BASU DEB ACHARIA : The information is with the hon. Speaker. I have no objection. But he should also share the same information with the House also. The Members have a right to know. (Interruptions)

">MR. DEPUTY-SPEAKER: Shri Basu Deb Acharia, you please hear me. Are you referring to the statement or the information provided by the hon. Minister to the Speaker?

">SHRI BASU DEB ACHARIA : I am referring to the information provided by the hon. Minister to the Speaker.

">MR. DEPUTY-SPEAKER: What the hon. Minister's objection is that if you are referring to it, you refer to it fully. Am I correct?

">SHRI P.R. KUMARAMANGALAM: The question is this. Can he refer it? I want a ruling. .. (Interruptions) I will face it. There is a procedure.

">SHRI BASU DEB ACHARIA : I have referred to the relevant portion of the note.

">SHRI P.R. KUMARAMANGALAM: Can I submit? Mr. Deputy-Speaker, Sir, I would like a ruling whether he can refer to this communication. If he can, I have no problem because I have been in Parliament reasonably long enough and I have looked after this particular arena. So, I know what I am asking. I would like a ruling whether he can refer to it and if he can, then, let him place the whole document to the Table of the House.

">SHRI SOMNATH CHATTERJEE : Generally, he can.

">SHRI P.R. KUMARAMANGALAM: I have no objection.

">SHRI BASU DEB ACHARIA : I have referred to the relevant portion of the note given by the Minister to the hon. Speaker. My question is, if the information can be shared with the hon. Speaker, why cannot the same be shared with the House?

(Interruptions)

">SHRI P.R. KUMARAMANGALAM: What is this? Sir, I want a ruling. Mr. Deputy-Speaker, Sir, I think the House seems to think that the discussion is going on without your ruling. I want a ruling.

">MR. DEPUTY-SPEAKER: He has raised something which is a very relevant point.

">SHRI SOMNATH CHATTERJEE : Did he have the right or not?

">SHRI P.R. KUMARAMANGALAM: I am not denying that. I am just saying how much is . (Interruptions)

">SHRI SONTOSH MOHAN DEV (SILCHAR): It is a paper signed by the hon. Minister to the Speaker which he is quoting it. Now, he will authenticate and lay it in the House.

">SHRI P.R. KUMARAMANGALAM: I am willing to authenticate it for him. That is not the issue here.

">SHRI SONTOSH MOHAN DEV : Then what is the issue?

">SHRI P.R. KUMARAMANGALAM: The issue is, can he quote it?

">SHRI SONTOSH MOHAN DEV : You cannot deprive him of that paper which you have given to the Speaker.

">SHRI P.R. KUMARAMANGALAM: I am not denying that. Today fortunately it is something which is of use to me, but tomorrow... (Interruptions)

">SHRI SONTOSH MOHAN DEV : Will it be abused?

">SHRI P.R. KUMARAMANGALAM: Yes, I want the whole thing to be put on record and use it.(Interruptions)

">SHRI BASU DEB ACHARIA : It is not abused but it is used here. (Interruptions)

">SHRI SOMNATH CHATTERJEE : He can authenticate it.

">SHRI S. JAIPAL REDDY : The rule permits the Member to produce any document provided the Member can authenticate it. Here is a Member who will authenticate document. Shri Mavalankar said that a Member can produce any document so long as he is prepared to lay and authenticate it. ...(Interruptions)

">SHRI SOMNATH CHATTERJEE : The source of obtaining the document cannot be gone into so long as the document is genuine.

">SHRI P.R. KUMARAMANGALAM: No, he has officially given it.

">SHRI SOMNATH CHATTERJEE : If he has officially given it, then (Interruptions)

">MR. DEPUTY-SPEAKER: Let me give my observation.

">... (Interruptions)

">SHRI S. BANGARAPPA (SHIMOGA): I would like to make one submission. Since the hon. Minister has agreed for giving him power to make a reference to your document, that has gone on between yourself and also the Speaker on the other side, and since he has no objection, then the only question is can the Speaker give his assent or not? I am requesting you to please give your consent, to the benefit of the entire House. Let him make a reference. Since he has no objection for the reference being made to that correspondence, what is wrong with that?

">श्री. रघुवंश प्रसाद सिंह (वैशाली) : उपाध्यक्ष महोदय, माननीय सदस्य को अधिकार है कि वे किसी भी कागजात से रेफरेंस दे सकते हैं। उनसे सोर्स ऑफ इन्फोर्मेशन नहीं पूछ सकते।

">... (व्यवधान)

">वे केवल औथेन्टीकेट करेंगे

">... (व्यवधान)

">यह अधिकार पूर्वक कह रहे हैं कि यह सब बातें कागजात में हैं। आप इनको नहीं रोक सकते।">

">SHRI P.R. KUMARAMANGALAM: I am sure you cannot quote it.

">MR. DEPUTY-SPEAKER: May I give my observation? Any matter by any Member can be produced here. The only thing is he has to authenticate it. Now, you have to authenticate it.

">SHRI BASU DEB ACHARIA : I will authenticate it and lay it on the Table of the House. There is no problem for me.

">My question is this: "Why is there difference"? When the information can be shared with the hon. Speaker, why the same information cannot be shared with the Members of this House? It has not been shared with us. But he has stated that there are various options like one, two, three, four or five. But outside the House, he is making statements on a

particular subject. I quote different headlines which appeared in the newspapers on the subject:

">1. "NTPC may get benefits for buying out NHPC" -Press Trust of India.

">2. "NHPC prepared counter-offer to buy NTPC" - Indian Express.

">3. "NTPC-NHPC equity proposal in preliminary stage" - Indian Express.

">4. "Opposition trains guns on government for proposal on NHPC sale"- The Hindustan Times.

">5. "Move against NHPC sale, hiving off NTPC"s assets gains momentum." - The Economic Times.

">6. "Fills" consent essential for NHPC-NTPC deal" - Financial Express.

">7. "Rs. 8,000 crore from securitisation to help NTPC pay for NHPC takeover." - The Economic Times.

">8. "Power utilities to clear merger by January - NTPC likely to be renamed."

">9. "Ministry moves for Cabinet nod on NTPC-NHPC deal by December."

">In a number of newspapers only one option is mentioned. Why is it that no other option is mentioned? Here, he has stated a number of options like higher plan allocation, etc. No Press, no newspaper ever came to know of this. Then, on the levy of cess on power, why there is only one option, particularly, when NTPC has appointed ICICI - a financial institution- to examine as to how many options are there. I want to know whether it is only one option, the last one, financial engineering like acquisition, amalgamation/merger of disinvestment or other options also are there. What are the terms of references? Why did the Ministry of Power feel that ICICI should be appointed to examine this aspect? When did the Ministry of Power feel or think that a financial institution should be appointed to examine this aspect?

">Sir, both these public sector undertakings were set up in the same year 1975 and both are Schedule `A" public sector undertakings. All through these years both NHPC and NTPC are earning profits and they were not loss-making companies and they were paying dividend to the Government of India. Only last year, in 1998, the Government of India announced a policy on hydro...(Interruptions).

">MR. DEPUTY-SPEAKER: Shri Acharia, you are referring to the note. The Secretariat have no information about such a note. You have to authenticate the note which you are quoting.

">SHRI BASU DEB ACHARIA : Yes, Sir.

">SHRI S. JAIPAL REDDY : Sir, when Shri Acharia was quoting from that note, our hon. Minister was generous enough to admit to the authenticity of that note. (Interruptions). Please go through the record. (Interruptions). SHRI SOMNATH CHATTERJEE : If I am wrong, please correct me. The hon. Minister wanted Shri Acharia to read the whole note. Therefore, he is not disputing the note. Therefore, you both jointly authenticate.

">MR. DEPUTY-SPEAKER: I am informed that the Secretariat has no information about this note and, therefore, I have, in general, made the observation that any document which is referred to here, must be authenticated by the hon. Member. So, accordingly I asked Shri Basu Deb Acharia to authenticate that note.

">SHRI P.R. KUMARAMANGALAM: Sir, in this particular case, it does not matter. But it is highly improper for communications that go on with the Speaker, between the Government and the Members to be referred to by another Member in the House, it is normally not etiquette...(Interruptions)

">SHRI SOMNATH CHATTERJEE : What is not etiquette...(Interruptions)

">SHRI BASU DEB ACHARIA : Is it a secret document?...(Interruptions)

">SHRI S. JAIPAL REDDY : Mr. Deputy-Speaker, Sir, in the instant case, there is no need for authentication because the Minister has generously come forward to confirm it.

">MR. DEPUTY-SPEAKER: Whatever it may be, I have given my ruling. Let him conclude now.

">SHRI BASU DEB ACHARIA : Sir, I shall authenticate it.

">MR. DEPUTY-SPEAKER: Now form your question please.

">... (Interruptions)

">MR. DEPUTY-SPEAKER: What is this cross-talk going on?

">SHRI S. JAIPAL REDDY : They are speaking in Bengali, Sir.

">SHRI BASU DEB ACHARIA : Sir, only last year the Government of India announced a policy on hydro power. I was in the Standing Committee on Energy and also in the Sub-Committee on Power. I have gone through a number of papers. We were examining hydro electricity, the harnessing and the potentiality in our country, but I have not seen anywhere the

Government of India or the Ministry of Power suggesting merger or converting NHPC as a subsidiary of NTPC. But now he is making a statement. Sir, you will be surprised to know that he has stated on the floor of the House that it is only at the conceptual stage and the Government has not taken any decision yet.

">SHRI SOMNATH CHATTERJEE : They are waiting for this Call Attention to be over.

">SHRI BASU DEB ACHARIA : The Chairman-cum-Managing Director of the NHPC has been asked to release a Press statement. What has he stated? He has stated: " In order to mobilise resources for hydel development, a proposal is under consideration for disinvestment" disinvestment not merger, Dr. Sengupta.

">DR. NITISH SENGUPTA (CONTAI): It is merger.

">SHRI BASU DEB ACHARIA : No, it is not merger...(Interruptions)

">MR. DEPUTY-SPEAKER: No cross-talk please, Shri Basu Deb Acharia.

">SHRI BASU DEB ACHARIA : Sir, Dr. Sengupta was telling Shri Somnath Chatterjee that it is merger and it is a very simple thing. He has further stated that "NTPC would purchase Government shares in NHPC. The Government has not taken any decision but the CMD of NHPC is making a statement very categorically that NTPC would purchase Government shares in NHPC. While achieving the objective of disinvestment, the leveraging capacity of NTPC will be utilised for promoting hydel project. We have been informed by the Government that the management of NHPC will not be disturbed due to this proposal at the outset itself."

">May I know one thing from the hon. Minister? When this issue has been referred to ICICI and the decision of the ICICI is still awaited as per the hon. Minister's statement, then how could the Chairman-cum-Managing Director of the NHPC make such a statement? There are various options. It is not the only one option, the option of merger, but there are other options also.

">SHRI SOMNATH CHATTERJEE : Options for hoodwinking.

">SHRI BASU DEB ACHARIA : There are no other options. There is only one objective and that is to sell the entire share of NHPC to the NTPC Both the NHPC and NTPC which are public sector undertakings, were not aware of this decision of the Government, rather they were against it initially. Both the PSUs were against this. Neither the NHPC wanted it nor the NTPC wanted it, rather they were forced to accept this proposal. The only motive behind this is not what has been elaborately stated by the hon. Minister. We know it. We are all aware of the power situation in the country. We know what is the peaking gap and what is non-peaking gap. We know everything. We know what is the capacity generated by our Independent Power Producers (IPP). They could achieve only 50 per cent of the target. Our hon. friend, Shri S. Jaipal Reddy has mentioned about the generation cost, production cost of the power plants set up by IPPs So many other things are there.

">MR. DEPUTY-SPEAKER : Please come to the question.

">SHRI BASU DEB ACHARIA : The main intention is to bridge the fiscal deficit and to get Rs. 4,500 crore but not to strengthen either the NTPC or the NHPC. I know it. I have visited a number of power plants set up by NHPC. I know in what difficult situations they are to work in border areas like Uri, Dulhasti, Loktak etc. They have to work in adverse law and order situation. They have done a commendable job within 3-4 years.

">I know that the gestation period is much more for hydel. In the North-Eastern States we have the potentiality for hydel power of 66,000 m.w. We are utilising only two per cent or three per cent of it. He has referred to mismatch of the ratio of hydel and thermal. We know it. In 1963, it was 45 per cent and 55 per cent; and now it has come down to 24 per cent and 76 per cent. He is saying that there is no money. ...(Interruptions) The face value of the fund that is going to come out of the sale proceeds of this distress sale will be Rs. 4,500 crore. My question is that when the ICICI has not given any recommendation or any report, how can the Government of India come to the conclusion that its face value will be Rs. 4,500 crore? What is the total value of the assets?

">SHRI TARIT BARAN TOPDAR (BARRACKPORE): It is Rs.40,000 crore.

">SHRI BASU DEB ACHARIA : No. The total value of the assets of NHPC is Rs. 20,000 crore, not Rs. 40,000 crore.

">SHRI SOMNATH CHATTERJEE :For what purpose? ...(Interruptions)

">SHRI BASU DEB ACHARIA : Sir, another intention of the Government behind this is to convert NTPC into a conduit for private entrepreneurs to hive off some of the funds....(Interruptions)

">15.00 hrs

">SHRI P.R. KUMARAMANGALAM: Are you suggesting it?

">SHRI BASU DEB ACHARIA : No, I am not suggesting it. I am against hiving off of some of the units to the private entrepreneurs like Ambanis, Mittals and Hindujas. ...(Interruptions) I want to know from the hon. Minister the rationale behind taking such a decision or behind this proposal if the decision has not yet been taken by the Government of India and it is still at the conceptual stage. The United Front Government had rejected this proposal when brought before it.

">MR. DEPUTY-SPEAKER: Calling Attention takes one hour.

">SHRI BASU DEB ACHARIA : This is very important. We are only two Members who have tabled this Calling Attention.(Interruptions)

">MR. DEPUTY-SPEAKER: It is very important. That is why, the Calling Attention was allowed.

">... (Interruptions)

">SHRI BASU DEB ACHARIA : The United Front Government had rejected this proposal.(Interruptions) Sir, I have never seen any issue on which all the Press, media and almost all the political parties are against it. Except the BJP, almost all the political parties, the entire Opposition - I do not know the views of the allies of the BJP - are against this move of merger or disinvestment in the name of merger of the Government of India. They want to disinvest. They want to privatise. I have not seen any issue which is opposed by the entire Press. We have seen the reaction of the Press. We have seen the reaction of the Opposition, of the political parties.

So, I demand that the Government should desist from taking such a move of merger, disinvestment, privatisation or handing over or hiving off some of the units to the private sector, rather I would suggest that in order to implement the policy which was announced by the Government of India only last year, the Government of India should take all steps to strengthen NHPC and make it an umbrella organisation by bringing NEPC, North-East Electric Power Corporation and other hydro electric power corporations under it in order to strengthen it.(Interruptions). Nuclear Power Corporation is a separate organisation. We are not discussing about it here. The hydro electric power corporations like NEPC and other organisations should be brought under NHPC. It should be strengthened.

Sir, all the trade unions, associations of workers and officers are opposing this move of the Government. I have not seen it before. So, the Government should desist from taking such a hasty decision which is not in the interest of the nation and the power sector of our country. Thank you.

MR. DEPUTY-SPEAKER: Mr. Minister.

SHRI SUDIP BANDYOPADHYAY (CALCUTTA NORTH WEST): Sir, Shri Sengupta's name was referred to during the deliberations. He can just explain for a minute.

MR. DEPUTY-SPEAKER: You know Shri Bandyopadhyay that in the case of Calling Attention, I am bound by the rules not to allow anyone other than the Member whose name is there in the list.

... (Interruptions)

SHRI P.R. KUMARAMANGALAM: He wants to give a personal explanation. ... (Interruptions)

SHRI ANIL BASU (ARAMBAGH): Sir, interruptions are allowed.(Interruptions)

SHRI SUDIP BANDYOPADHYAY : Sir, if a reference is made to another Member by an hon. Member, he should be allowed to explain his position.(Interruptions)

MR. DEPUTY-SPEAKER: If the House pleads for that, I will ask you to straightway ask a question only and there will not be any precedent. That will be a special case, an exceptional case and will not form a precedent to this rule.

... (Interruptions)

MR. DEPUTY-SPEAKER: He has agreed for it.

DR. NITISH SENGUPTA : The point is that since ICICI has been appointed to suggest the modalities, I suppose, the decision will be taken after that, and the whole thing is in the drawing-board now.

SHRI SOMNATH CHATTERJEE : Since it is a private question, a private answer will be given.

SHRI P.R. KUMARAMANGALAM : Sir, I am grateful for all the compliments that a few senior hon. Members have been so kind enough to give. Though sometimes, some of it bordered, if I may say, on not a very savoury terminology, I still accept the compliments.

SHRI SOMNATH CHATTERJEE : There is nothing personal in it. Do not take anything personally.

SHRI P.R. KUMARAMANGALAM: But I may say that what is necessary for them is to have more information. I would have given even more information. I did give a lot of information in the annexures with the statement.

Firstly, at the outset, with regard to the letter that has been now referred to, which I understand is not normally referred to, let me say that I have made it very clear in the opening paragraph to the Speaker that the subject matter of the Calling Attention Notice is at the preliminary stage of consideration, which meant that we have not taken a decision. I said to the Speaker then that the same words "preliminary stage of consideration" can also be put as "conceptual". I do not think that there is any clash on this.

SHRI BASU DEB ACHARIA : We wanted to raise this issue because the Government should not take such a decision.

SHRI P.R. KUMARAMANGALAM: I am very grateful to you. You have got your viewpoint across. The objective behind the reference that the NTPC had made was to undertake an exercise to raise resources for further deployment in the power sector with emphasis in the hydro sector. That is a clear reference which has been given. All these other options which I have given to you is what we picked up from ICICI and others, when we had a presentation from them in the initial stage of consideration. These options were given one by one. When the Press people addressed this question to me as to how we are going to find the resources for this large problem that we are facing, I have said that one of the options was this, the other option was this and the remaining options were these, which the ICICI was considering.

SHRI BASU DEB ACHARIA : They have quoted only one option.

SHRI P.R. KUMARAMANGALAM: No, you yourself have read out the second option, and you yourself have read out an article which said that this was preliminary. Let us be frank. Please do not make all papers "Ganashakthi".

SHRI SOMNATH CHATTERJEE : If it is "Ganashakthi", then there is no question of its authenticity.

SHRI P.R. KUMARAMANGALAM: I would have accepted its authenticity if you had written it.

SHRI SOMNATH CHATTERJEE : Then it should be fully authentic.

SHRI BASU DEB ACHARIA (BANKURA): I have not quoted from "Ganashakthi".

SHRI P.R. KUMARAMANGALAM: But I would only like to say this much, Mr. Deputy-Speaker, Sir. Some of the figures were very clear. The equity of NTPC is Rs. 7,700 crore, and the equity of NHPC is only Rs. 3,825 crore. The assets of NTPC are Rs. 30,000 crore. This is the book value of the assets. Today, the assets would be anywhere around Rs. 60,000 crore in market value. NHPC's assets are only Rs. 10,000 crore, and its book value does not go beyond Rs. 15,000 crore. The outstanding loan in terms of NTPC is Rs. 9,000 crore; the outstanding loan in terms of NHPC is Rs. 5,000 crore. The reserves of NTPC are not Rs. 2,500 crore, but it is Rs. 12,000 crore; the reserves of NHPC are Rs. 1,272 crore.

SHRI S. JAIPAL REDDY : How are you calculating the reserves? Do they include Power Bonds?

SHRI P.R. KUMARAMANGALAM: Yes because they are profits. I can sell them. I can keep my reserves as Treasury Bonds, I can keep my reserves in a bank account, I can keep my reserves as a Power Bond. How I keep the money is irrelevant. This money is encashable.

SHRI S. JAIPAL REDDY : When you want to sell away your Power Bonds, then you will have to sell them at discounted value. It is not the same as hard cash.

SHRI P.R. KUMARAMANGALAM: No, it is not the Government, but the NTPC which can sell it. ... (Interruptions) When he is referring to you, I referred to that. I stand corrected, Sir. I said that I am only in reference to you. The point is that NTPC can keep its reserves in various forms. It has reserves of Rs. 12,000 crore. Let us make it clear that it is not Rs. 2,500 crore. NTPC has had a profit of Rs. 2,815 crore last year.

Sir, the NHPC has a profit of Rs. 305 crore. Let us get the figures clear. Do not start saying that NHPC had so much and NTPC had so much, otherwise I would have problems later on. If I may submit, I think, what is important to understand is one particular option has been taken out of turn and out of context and raised. It is an option under consideration. When the ICICI gives its report, we would take this into consideration. The Chairman and the Managing Director of NHPC were present when the presentation was made. It is wrong to say that the Public Sector Chiefs did not know about this at all. On the contrary, myself, the officials of the Ministry and the representatives of the Public Sector Corporation were together when ICICI made its presentation. They said that these are the various options that they were considering. In fact, consent from both of them were taken ... (Interruptions)

SHRI S. JAIPAL REDDY : Mr. Minister, please hear me now ... (Interruptions)

SHRI P.R. KUMARAMANGALAM: Let me finish. I have not yielded ... (Interruptions)

SHRI S. JAIPAL REDDY : First the statement was made and then the chiefs of the NHPC and NTPC were made to fall in line ... (Interruptions) we can quote ... (Interruptions)

MR. DEPUTY-SPEAKER: Nothing will go on record.

(Interruptions) *

MR. DEPUTY-SPEAKER: He has already said about it. You may not agree with him.

... (Interruptions)

SHRI P.R. KUMARAMANGALAM: Sir, I am sorry, I strongly object to this. I have not yielded ... (Interruptions)

SHRI S. JAIPAL REDDY : Sir, there could be disagreement in regard to the formulation but there cannot be any disagreement in regard to facts ... (Interruptions)

SHRI P.R. KUMARAMANGALAM: Sir, I am willing to face privilege. Is my friend willing to face the same? Is he going to stand by fact which he is saying? He is calling me a person who is misleading the House. I am willing to say on record, if necessary, under oath. Is my friend willing to say the same? What is this happening? Anytime you can always tell a Minister that you are misleading the House ... (Interruptions) We had a meeting of the officials, and the Chairman of the PSU ... (Interruptions)

SHRI BASU DEB ACHARIA : Please do not lose your temper ... (Interruptions)

MR. DEPUTY-SPEAKER: Shri Acharia, he has stated the stand of the Government. You may not agree with it. He is not yielding.

... (Interruptions)

MR. DEPUTY-SPEAKER: It is not a cross-examination session. He has stated whatever he had to say. You may not agree with him.

... (Interruptions)

SHRI BASU DEB ACHARIA : When did you have the meeting? ... (Interruptions)

* Not Recorded.

MR. DEPUTY-SPEAKER: No. He is not yielding.

... (Interruptions)

SHRI S. JAIPAL REDDY : When did you have the meeting? ... (Interruptions)

MR. DEPUTY-SPEAKER: Shri Reddy, he is not yielding.

... (Interruptions)

SHRI P.R. KUMARAMANGALAM: Sir, on the fact I am being told that I am misleading the House. That is why, I said – I am a responsible Minister, standing in this House – that the meeting took place well before anything came out in the Press. We had a meeting; we had a presentation by the ICICI in which both the Chairmen, myself, the officials of the Ministry were present. The Minister of State for Power came a little later and joined the meeting. We saw the presentation and told the ICICI that you please go ahead and give your report and final recommendations. We can take a decision on that.

Sir, what has come in the Press is in response to questions that the members of the business community posed to me during various business seminars where options were discussed. If you say this, then this does not mean that we have taken any pre-conceived decision but definitely the option which has been referred to in this Calling Attention Motion is a serious option.

Sir, that is all I wish to say. I would like to thank all the Members. **SHRI BASU DEB ACHARIA :** Sir, he has not replied to our specific question as to what is the rationality behind taking this decision ... (Interruptions)

MR. DEPUTY-SPEAKER: He has given the reply. It may not be up to your satisfaction.

... (Interruptions)

SHRI BASU DEB ACHARIA : No, he has not replied to our specific question ... (Interruptions)

MR. DEPUTY-SPEAKER: I cannot insist on that.

... (Interruptions)

SHRI SOMNATH CHATTERJEE : Sir, the hon. Speaker has admitted this motion ... (Interruptions)

SHRI BASU DEB ACHARIA : He has evaded the question ... (Interruptions)

SHRI P.R. KUMARAMANGALAM: Sir, I would like to make it clear. I have spent given a lengthy statement stating the power situation and why we need to improve the hydel power. I need resources for over 1,76,000 MW to be added. If that is not an explanation for consideration, then I do not know what else that is ... (Interruptions)

SHRI BASU DEB ACHARIA (BANKURA): You want to sell our power sector ... (Interruptions)

SHRI SOMNATH CHATTERJEE : Sir, it is a very important subject. I am sure, the hon. Minister does not dispute the importance of the subject.

">He has said that there was no final decision on what has been alleged and that it is one of the matters which has been

discussed. Sir, certain pertinent questions were raised. There may be several options. Why this option has also been included and how does the country benefit by it is an issue on which no response has come from the Minister.

">MR. DEPUTY-SPEAKER: The Minister has already said what he wanted to say.

">SHRI SOMNATH CHATTERJEE : No, Sir, he has not said as to what the justification for this measure is. He has only said that this also can be done.

">MR. DEPUTY-SPEAKER: It is all over now.

">SHRI BASU DEB ACHARIA : The Minister has evaded answering our question.

">SHRI SOMNATH CHATTERJEE : I am sorry, Sir, in spite of my affection to the Minister, I have to register our protest by walking out.

">1516 hours

">(At this stage, Shri Somnath Chatterjee and some other

">hon. Members left the House.)

">श्री. रघुवंश प्रसाद सिंह (बैशाली) : उपाध्यक्ष महोदय, हाइड्रो पावर सेक्टर देश के हित में नहीं है, इस बात के देखते हुये हम लोग सदन का बहिष्कार करते हैं।

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">१६.१६-१/२ म.प.

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">(त्वश्चात् डा. रघुवंश प्रसाद सिंह तथा कुछ अन्य माननीय सदस्यों ने सदन से बहिर्गमन किया।)

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