

the non-aligned movement, which propounded the principles of Panchsheel and which made a mark in Bandung Conference has not expressed its view on this matter. Today United Nations has failed. More than two lakh people have been expelled from there, after the deployment of the armed forces. But India is a mute spectator. I do not know as to what is the foreign policy of the Government and what is its attitude towards this. I want the House to pass a resolution reminding the United Nations that it has become ineffective. The Nations of the world are themselves saying that United Nations has become an ineffective and redundant organisation. I would like our Foreign Minister to make a statement on this issue regarding our Government's policy in this regard.

12.34 hrs.

RE : ENRON POWER PROJECT IN
MAHARASHTRA

[Translation]

SHRI ASHOK ANANDRAO DESHMUKH (Parbhani) : Sir, I would like to draw your attention to an important issue. Yesterday the Maharashtra State Legislative Council took a decision on the Power project with capacity of generating 2015 megawatt and it would have started generation of 695 megawatt power by 1997 with which we expected to meet the shortage of electricity in Maharashtra. In 1993-94, there was a 1381 megawatt power deficit in Maharashtra and the energy requirement of Maharashtra by 2000 A.D. is 71 billion kilowatt. This power project was scrapped in a deliberately and in sentimental way. I appeal to you to appoint a fresh Committee on it and consider none the consequential setback and effect on foreign investors who are planning to set up projects here. They will refrain from investing money here and it will be a loss to Maharashtra and the country. They advance a plea that it will affect the marine life. The sea water is different from the water of a well. The reason given is that it is hot and the river fish die in it. The other reason given is that of its effect on environment. I would like to ask as to why do not they formulate another environmental scheme? In the absence of power, the farmers' pumps are not functioning. Electricity is not available in the rural areas for consecutive 3-4 days. The bread earning of a farmer depends mainly on water and electricity. Therefore, I request you to take up the matter afresh and set things right by constituting a Committee.

SHRI RAM KAPSE (Thane) : Mr. Minister, why don't you speak on it? You should say something on this issue.

[English]

MR. SPEAKER : I would bring to your notice that he

has given me a notice saying that he wants to make a statement. I am allowing the Members to speak and then he will reply or he will make the statement.

[Translation]

SHRI RABI RAY (Kendrapada) : Mr. Speaker, Sir, it is a matter of pleasure for the House and the country that the Government of Maharashtra has scrapped the agreement reached between the Enron company and the Maharashtra State Electricity Board after all round deliberations. The Chief Minister of Maharashtra has given three main reasons for this decision which were not mentioned by the earlier speaker. According to Joshi ji, it was against the interests of Maharashtra. against the environmental aspects and thirdly, there was much of cost padding.

I would like to apprise the House of another important reason. Like Enron, another foreign company came to Orissa and entered into an agreement with the then government. Today, it is the Congress Government there in the state. I would like to bring it to the notice of the hon. Minister of Power that the Chief Minister of Orissa has gone on record saying that a padding of Rs. 250 crore was involved in it. That was the AE company of America. It had refused to abide by that contract. I would like to know what is this happening here? This House cannot be a mute spectator and tolerate all this.

Enron is a multinational company. They claim and the print-media has also reported that they have doled out Rs. 60 crore to educate the Indians. Through you, I would like to ask the Government as to exactly under what head was Rs. 60 crore spent by Enron before entering into the contract? Who were the beneficiaries? Many multinational companies will come to invest in India and will channelise the outflow of our money into their respective countries and will also corrupt the Indian intelligentsia and the public. Shall we remain a mute spectator to all this? Therefore, I would urge upon the Government of Maharashtra to remain steadfast on its stand and on the reasons advanced by it that led to scrapping of this project. That is in the interest of the country, Maharashtra and the people.

[English]

SHRIMATI MALINI BHATTACHARYA (Jadavpur) : I have also given a notice on the same subject. We are very happy that the Enron project has finally been scrapped. We think that before the elections in Maharashtra. There was a people's movement against this project there, and this people's movement during the elections took such a form that the Government that was newly elected in Maharashtra had to take a note of that people's movement. They have taken note of it and, therefore, we are very happy. We would also like to know two things. Firstly, two questions arise out of this.

One is that there are other similar power projects where also there are conditions of counter-guarantee and we also find that the State Electricity Boards are being bypassed.

They are being loaded with certain conditionalities which would be detrimental to the interests of the States. We would like to know whether there is going to be a review of all similar projects.

Secondly, we would like to know whether there has been an illicit transaction of money involved in these projects. We would like to know whether the Central Government would conduct an inquiry into the conditionalities of these projects and whether any padding has been there, whether any illicit transaction of money has been there.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : Has Shri Salve submitted his resignation?

SHRIMATI MALINI BHATTACHARYA : Sir, there is also the question that certain multi-national corporations are threatening India. They are saying that if the Enron Project is scrapped then they would not invest in India. That is most unfair. That kind of arm-twisting by the multi-nationals is something entirely deplorable and we would like to say that wherever there are any agreements with multi-nationals, those agreements would be on our conditions and not on their conditions.

MR. SPEAKER : I think this will turn into a full-fledged debate because many people are wanting to speak on this. I do not know what is the legal position, whether we can discuss it or not and what kind of information is available and who is likely to reply to all this.

[Translation]

SHRI SHARAD YADAV (Madhepura) : Mr. Speaker, Sir, this is a very important issue and warrants a full-fledged discussion.

MR. SPEAKER : All right.

...(Interruptions)...

[English]

MR. SPEAKER : Then you do not talk only to me.

[Translation]

SHRI LAL K. ADVANI (Gandhi Nagar) : Mr. Speaker, Sir, I would like to submit that it does not look proper to debate in the House the decision taken by the Government of Maharashtra. It will be in the fitness of things if a discussion is held on the reaction of the Central Government on the decision taken by the Government of Maharashtra.

So far as the question of decision of the Government of Maharashtra is concerned, it has been widely hailed throughout the country as a very judicious decision despite the fact that some people might have any ideology based policy differences with that Government. Therefore, I was expecting the hon. Minister of Power to clarify the approach and response of the Central Government before the House which will subsequently be debated but it is deplorable that a Member of Shiv Sena, now defected to that side, had to initiate the discussion on behalf of the treasury branches...(Interruptions). That is not the right approach. I would have appreciated if he or any other prominent person had made his point on it...(Interruptions)

MR. SPEAKER : You should take your seats when I am on my legs.

I understand that some well-informed senior Members also want to speak on this issue. I will definitely grant them one minute each but, please, we will be leading ourselves to nowhere if we discuss it in an unstructured manner.

SHRI RAM VILAS PASWAN (Rosera) : You may conduct a discussion on it separately but take up issues right now.

MR. SPEAKER : All right.

SHRI SAIFUDDIN CHOUDHURY (Katwa) : Let the hon. Minister make a statement first...(Interruptions)

MR. SPEAKER : Please take your seat. I will not be able to say anything if you all rise to speak simultaneously.

[English]

SHRI SAIFUDDIN CHOUDHURY : Let the statement come.

MR. SPEAKER : Let us do it in a structured manner and if the hon. senior Members in the House think that it would be a proper thing, let us have a statement and I do not think that there would be questions on the statement. But if you think that some sort of a discussion is necessary, we will discuss in the Leaders' meeting and the Business Advisory Committee meeting and find out how it can be done. Or, if you insist, that I may allow one or two Members. Then you may say, "No, no."

...(Interruptions)...

MR. SPEAKER : Mr. Minister, Please.

[Translation]

SHRI ASHOK ANANDRAO DESHMUKH : Mr. Speaker, Sir, what has been said about me has gone on record. Kindly expunge it from the record at least.

MR. SPEAKER : How can it be expunged. It will remain on record.

[English]

THE MINISTER OF POWER (SHRI N.K.P. SALVE) : Sir, before I make a statement, I want to submit to you that I will be ready for discussion any time in any form that you may be pleased to decide.

MR. SPEAKER : The only thing is where is the time available and how to do it. I think there are important issues and we should find time for them. The only thing is, less important issues should not be pushed into the House for discussion so that we can find time for important issues. This applies to all Members.

SHRI N.K.P. SALVE : But so far as the Government is concerned, I want to submit that we are ready and the motives which have been imputed are very very unfair. We do not want any agency. I do not want any agent for me... (Interruptions).

STATEMENTS BY MINISTERS

[English]

(i) Repudiation of Phase-I and cancellation of Phase-II of the Dabhol Power Project By Government of Maharashtra.

THE MINISTER OF POWER (SHRI N.K.P. SALVE) : Sir I bag to lay on the table a statement regarding repudiation of Phase-I and cancellation of Phase-II of the Dabhol Power Project by Government of Maharashtra.

A fax message was received yesterday by the Minister of Power from Secretary (Energy), Government of Maharashtra purporting to be the statement made by the Chief Minister of Maharashtra in the State Legislature in respect of the Enron Power Project at Dabhol in Maharashtra. The statement has been made in Marathi. The long statement in its totality requires analysis in depth which is being carried out. The statement refers to the decision taken by the Government of Maharashtra to repudiate the contract and to stop the work at site in respect of first phase of the Dabhol project and to exercise its option to cancel and 2nd phase of the project, which decision, as stated in the statement, appears to have been taken on the following five main considerations :

- (i) No competitive bidding was resorted to before awarding the project to M/s Dabhol Power Corporation (DPC);
- (ii) The transactions with DPC were clouded in

secrecy and there was no apparent transparency about them;

- (iii) There was no serious concern for environmental factors;
- (iv) The project was approved at an unrealistic capital cost; and
- (v) The tariff allowed was an escalating one which was against the interests of the State and consumers.

The above five grounds appear to be substantially similar to the ones raised in writ petitions filed in Bombay and Delhi High Courts and the Supreme Court of India which had upheld the validity of the contracts entered into with M/s DPC. While the matter is essentially between the Govt. of Maharashtra, its Electricity Board and M/s DPC, the Central Government is directly concerned to the extent of its liabilities under the counter-guarantees given in favour of M/s DPC and generally about the possible fall out of the decision of the Maharashtra Government on the investment climate in India. The implications of the decision taken by the Government of Maharashtra referred to in the statement including the legal implications of the counter-guarantee require and are under examination, in detail.

[Translation]

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI (Garwal) : Mr. Speaker, Sir, ... (Interruptions)*

[English]

MR. SPEAKER : Only Maj. Gen. Khanduri's statement will go on record.

[Translation]

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI : Mr. Speaker, Sir, through you, I would like to draw the attention of the House towards making Uttaranchal a separate state.

Mr. Speaker, Sir, on 12th of August, just a week hence, it will be four years since the Government of Uttar Pradesh had sent a proposal to the Central Government for creating a separate state comprising of 8 districts of Uttaranchal. So far, the Central Government has taken no action on this proposal. Thereafter, another Government in Uttar Pradesh sent one more similar proposal of formation of a separate state.

* Not recorded