

rights and opportunities to carry cargo. The agreement also provides that shipping related enterprises of either Contracting Party may invest in shipping related services, such as trucking, ship agencies, warehousing, container freight stations, etc., in each other's country, subject to the prevailing laws and regulations of the Contracting Parties.

[*Translation*]

Foreign Investment in Thermal Power Plants

675. SHRI HARIKEWAL PRASAD:
Will the Minister of POWER be pleased to state:

(a) whether some major overseas power companies have proposed to make heavy investment in setting up coal based thermal power plants in Uttar Pradesh;

(b) if so, the details thereof and the

action taken by the Government in this regard; and

(c) the incentives proposed to be provided by the Government to such foreign companies for investment in setting up power plants in Uttar Pradesh?

THE MINISTER OF STATE IN THE
MINISTRY OF POWER (SHRI P.V.
RANGAYYA NAIDU): (a) Yes, Sir.

(b) Government of Uttar Pradesh have signed a memorandum of Understanding on 17.11.1993 with M/s Pacific Electric Power Development Corporation, Canada for execution of Jawaharpur (3x250 MW) Thermal Power Plant in the private sector.

(c) The incentives offered under the Scheme to encourage greater private investments in the electricity sector will be extended to the project. The incentives that would be available are in the attached *Statement*.

STATEMENT

Incentives/Policy Guidelines to Encourage Greater Private Sector Participation in the Electricity Generations and Distribution.

- Private Sector can set up thermal projects (coal/gas) and hydel projects and wind/solar energy project of any size.
- Electricity Projects where the total outlay does not exceed Rs. 25 crores need not be submitted to the Central Electricity Authority for concurrence.
- Private Sector companies can set up enterprises to operate either as licensees or as generating companies.
- All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio upto 4:1.
- 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 in respect of profits and gains of new industrial undertakings set up anywhere in India for either generation or generation and distribution of power. The five year tax holiday will begin from the year of generation of power.
- The excise duty on a large number of capital goods and instruments in the power sector has been reduced to a uniform lower rate of 5%.
- Upto 16% return on the foreign equity included in the tariff can be provided in the respective foreign currency.
- Fixed costs including 16% Return on Equity (ROE) can be recovered at 68.5% PLF. Attractive incentives are prescribed for performance beyond this PLF in the form of additional ROE (upto 0.7%) for each 1% rise in PLF.
- Flexibility has been allowed in including insurance charges in the project cost.
- Government of India may consider extending a counter guarantee for the payment obligations of State Electricity Boards to the private power companies on the specific request of the concerned State Government subject to certain terms and conditions.

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.

[English]

Strike by Postal Employees

676. SHRI HANNAN MOLLAH:

SHRI DEVI BUX SINGH:

SHRIMATI BHAVANA

CHIKHLIA:

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the postal employees had taken part in a nation wide strike during the recent past;

(b) if so, the details of their demands; and

(c) the action taken or proposed to be taken by the Government thereon?

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI SUKH RAM): (a) Yes, Sir.

(b) A copy of the Charter of Demands given by the Postal employees Federations/Associations is enclosed in *Statement-I*.

(c) Action taken/being taken by the Government on the Charter of Demands is enclosed in *Statement-II*.

STATEMENT-I

Charter of Demands

1. Demands of Extra Departmental Employees
 - (i) Introduction of Scales of Pay for all categories of extra departmental employees.
 - (ii) Counting of E.D. service.
 - (iii) Grant of Pension/Statutory Gratuity.
 - (iv) Grant of subsistence Allowance
 - (v) Grant of leave with Pay.
2. Biennial Cadre Review
 - (i) Upgrading of 10% of HSG-II posts to HSG I.
 - (ii) Revision of scale of Pay of Postmen and allied cadres placed in BCR Rs. 1200-1800.
 - (iii) Retention on age of superannuation at 60 for Group 'D' officials placed in BCR scale of Rs. 950-1400.