

(a) whether the Government are aware of the reported utterances of the Foreign Minister of Pakistan during his recent visit of Uzbekistan in regard to the danger of nuclear war in South Asia due to Kashmir issue; and

(b) if so, the details thereof and the reaction of the Government thereto?

THE MINISTER OF EXTERNAL AFFAIRS (SHRI DINESH SINGH): (a) Government have come across media reports of a statement attributed to the Foreign Minister of Pakistan at Tashkent on January 8, 1994 to the effect that unless Kashmir issue is resolved under the UN resolution, there is a danger of a nuclear war.

(b) The Pakistan Foreign Office Sopkesman subsequently clarified that the Foreign Minister of Pakistan only referred to the danger of another war between India and Pakistan over Kashmir issue. Government regard such posturing and rhetoric adopted by Pakistan as a manifestation of Pakistan's negative approach. Government are aware of Pakistan's clandestine and weapons-oriented nuclear programme and constantly monitor all developments having a bearing on India's security.

Star T. V. to Telecast Budget Presentation

828. PROF. SUSANTA CHAKRABORTY: Will be Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether the Government have permitted Star TV to telecast the Budget speech; and

(b) if so, the conditions for such telecast?

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI K. P. SINGH DEO): (a) This Ministry is not aware of such a decision.

(b) Does not arise.

Investment in Power Projects

829. SHRI RAM KAPSE:
SHRI INDRAJIT GUPTA:

Will the Minister of POWER be pleased to state:

(a) whether the Government have evolved a new policy on foreign investment in the power projects in the country;

(b) if so, the details thereof;

(c) whether the leading economists and power engineers including Members of Parliament have questioned the economic rationale of the projects approved and the policy itself; and

(d) if so, the details and the reaction of the Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) and (b) The policy to attract greater private investment, including foreign investment was formulated sometime back and has been amended recently. The main elements of policy are contained in the attached *Statement*.

(c) and (d) The response to the rationale of the private sector policy is gen-

erally positive. Clarifications have been provided from time to time regarding some doubts about the projects already approved.

STATEMENT

Private Sector Development

Government have been taking a number of measures with a view to promoting additional investment in the power Sector from the private sector. An Investment Promotion Cell in the Ministry of power facilitates private sector investment and the Electricity (Supply) Act, 1948 has been amended to provide for participation of the private sector generation companies in generation and distribution. A Tariff Notification was issued in March 92 providing for the basic determinants for negotiation of Power Purchase Agreements between the independent power projects and the State Electricity Boards. The rates of depreciation provided for various facilities under the Electricity (Supply) Act were also reviewed and were marginally modified in January 1992.

In the light of experience gained over the last two years, the position has been further reviewed. Recognising the need for change in keeping with ongoing negotiations between the State Electricity Boards and the proponents of the power projects, it has been decided to effect certain modifications in the tariff formula and the rates of depreciation. The main changes are the following:-

(1) The weighted average rate of depreciation for coal based thermal power projects at 5.02% is inadequate for debt redemption. It has been decided to provide an average rate of 7.5% as the rate of depreciation applicable for all thermal projects.

(2) A number of investors have been requesting that the component of return on equity included in the tariff should be provided for in foreign exchange to cover investment brought in foreign currency. It has been decided to permit the return on this part of the equity in foreign exchange, but restricted to 16% of the foreign equity.

(3) In order to take into account larger insurance costs it has been decided that the Operation and Maintenance expenditure shall be computed at either 2.5% of the completed project cost or 2% of the completed/contracted cost plus actual insurance charges. Subject to an overall ceiling of 3% of the completed/contracted cost.

(4) The current tariff formula does not provide for any ceiling on the additional incentive rate payable for generation above the normative PLF level 68.5%. It has been decided that the additional incentive payable shall not exceed a rate of 0.7% of the return on equity for each percentage increase of PLF. The Notification provides a ceiling, leaving room for negotiations between the State Electricity Boards and promoters in each case. The above incentive payments for additional generation will be without any fixed cost element; and as a result, the cost of electricity of such power shall be substantially lower than the per unit cost of electricity at normative PLF (base cost)

Electronic Mail Services

830. SHRI K. PRADHANI: Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government have allowed some private sector companies to operate Electronic mail Services in the country;