

## LOK SABHA DEBATES

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Wednesday, July 31, 1996/Sravana 9, 1918 (Saka)

(The Lok Sabha met at Eleven of the Clock)

[MR. DEPUTY SPEAKER in the Chair]

#### ORAL ANSWERS TO QUESTIONS

[Translation]

#### Consumption of Power

\*281. SHRI NITISH KUMAR :

PROF. PREM SINGH CHANDUMAJRA :

Will the PRIME MINISTER be pleased to state :

(a) whether the consumption of power in industrial sector is more than the agricultural sector;

(b) if not, the factual position in this regard and the average consumption of power in industrial and agricultural sectors, separately;

(c) whether the recovery rate for power consumption is more than the average cost of production in industrial sector as compared to agricultural sector;

(d) If so, the details of average cost of production and recovery rate for power consumption in agricultural and industrial sectors, separately; and

(e) the likely rate of power for domestic use as well so far commercial use?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF POWER AND MINISTER OF STATE IN THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES. (DR. S. VENUGOPALACHARI) : (a) to (e). A statement is laid on the Table of the House.

#### STATEMENT

(a) and (b). The consumption of power in industrial and agricultural sectors during 1994-95 was 100.3 BU and 79.8 BU respectively viz. 38.46% and 30.60% respectively of the total consumption in the country during that year.

(c) and (d). The all India position regarding costs and realisation from sale of electricity for the year 1994-95 was as under :

- (i) Average Cost of supply - 156.65 paise per KWH.
- (ii) Average realisation on sale of electricity - 134.14 paise per KWH.
- (iii) Average realisation from the agricultural sector - 19.45 paise per KWH.

(iv) Average realisation from the industrial sector - 221.40 paise per KWH.

(e) The all India position with respect to domestic and commercial supplies in 1994-95 is indicated below:

Average realisation from domestic sector - 90.97 paise per KWH

Average realisation from commercial section - 227.95 paise per KWH

The rates for supply to various categories of consumers are fixed by the State Electricity Boards.

[Translation]

SHRI NITISH KUMAR : It has been stated in the reply that the average cost of supply of power is 156.65 paise per KWH. The average realisation from the agriculture sector is 19.45 Paise per KWH. Average realisation from domestic sector is 90.97 paise per KWH. It appears from the reply that Govt. is going to make out a case to increase the tariff in agriculture sector. It must be realised that our country would need 240 MT food grains by the turn of the century and today our production is about 180 MT. Therefore we want to know from the Govt. whether considering in view the historic needs of the country, the responsibility of agricultural sector to feed the country and the fact that this sector is closely linked with our culture and civilisation what decision the Govt. is going to take in this respect? Does the Govt. want to increase the power tariff manifold in agriculture sector on the ground that it is highly subsidised?

[English]

DR. S. VENUGOPALACHARI : Mr. Deputy-Speaker. Sir, we are collecting Rs.19.45 per kilowatt hour from the agricultural sector. The average cost of supply is Rs. 156.65 per kilowatt hour. We are losing 137 paise per unit in the agricultural sector. The consumption of power in the agricultural sector is 30 percent of the total consumption.

As far as the agricultural sector is concerned, in 1991, the Chief Ministers' meeting was convened and, at that time, they had taken a unanimous decision that the minimum agricultural tariff should be 50 paise.

In spite of that also, out of many States, only 20 States implemented 50 paise scheme. The remaining States have not implemented. From time to time, the Power Ministry has given instructions on viability to the State Electricity Boards of all State Governments whatever may be the transmission and distribution losses. The concerned international companies are also giving funds for restructuring the State Electricity Boards. From time to time, we are giving instructions to Central Government for restructuring the State Electricity Boards to make up for the Agricultural losses.

[Translation]

SHRI NITISH KUMAR : The Minister has stated that with a view to make up the losses the Government want

to re-structure the electricity boards. What steps Govt. propose to take to make up the loses in agriculture sector? From the figures given by the Minister in regard to the cost of supply of power it appears that the Govt. propose to increase it to at least to 50 paise per unit. This means that they want to increase it by 2 1/2 times. I want to know whether the losses in agriculture sector are only due to huge amount of subsidy or other factors are also responsible for it? For instance lack of maintenance. C.A.G. report about Indraprastha plant says that the annual maintenance of boiler and turbine in is being done only after two to three years. What I want to impress is that proper maintenance is not being done. The second reason is that coal with high ash content is being supplied to the power plants. There is large scale corruption in this field. Recently during the course of a reply to a Question in the House it was stated that the coal with a high ash content pollutes the environment. Distribution and transmission loss on account of power theft is yet another factor for increasing the cost of power supply. Instead of removing inefficiency, increasing productivity and eliminating corruption in order to bring down the cost of generation the Govt. has increased the cost of power in agriculture sector. In these days of liberalisation it is the intention of the Govt. to pass on the burden to consumers. Electricity Boards are authorised to fix the rate of power at 3% margin. But while the wasteful expenditure of the State electricity board is increasing their plant load factor in on the decline. In a state like Bihar the plant load factor is 19%.

MR. DEPUTY SPEAKER : Please be brief.

SHRI NITISH KUMAR : I want to know as to whether the Govt. propose to take any steps in this regard by paying attention to increasing efficiency and reducing the cost of electricity generation.

[English]

DR. S. VENUGOPALACHARI : Mr. Deputy Speaker, Sir, as the hon. Member mentioned similar reform Bills have been drafted in Haryana. The other States like Uttar Pradesh, Rajasthan, Karnataka, Andhra Pradesh, Bihar and Gujarat are taking reform measures and they are in the same process. In Orissa, they have already taken many steps for restructuring.

They have kept some separate, independent regulatory body for tariff collection. They have privatised the distribution system. Further, they have privatised the generation system also. Like that, there are different zones. In Orissa, they have already implemented this. With the aid of the World Bank, international consultants have been appointed in six States for carrying out reforms.

As far as the other questions are concerned, from time to time, we are giving instructions to control the transmission and distribution loss in respect of all the States. we are asking all the State Governments to set up an independent regulatory body for fixing the tariff

and for privatisation of the distribution system. So, we have been monitoring and giving instructions from time to time. Also, in the month of August, the hon. Prime Minister is going to hold a meeting with all the Chief Ministers and the Electricity Ministers to find out how to reduce the transmission and distribution losses; how to restructure the State Electricity Boards and how to make them viable.

About the other remaining points, the hon. Prime Minister wants to convene a meeting with all the hon. Chief Ministers. Regarding as content, as you know, recently, in the Cabinet also, the hon. Prime Minister agreed to the suggestion that a washery should be established by Department concerned...*(Interruptions)*

MR. DEPUTY-SPEAKER : First, let him reply.

DR. S. VENUGOPALACHARI : About lack of maintenance and regarding corruption charges, we are giving instructions from time to time. Mostly, the State Electricity Boards are involved in this.

[Translation]

PROF. PREM SINGH CHANDUMAJARA : I think the question asked was whether the Govt. want to make up the amount of subsidy by increasing the rate of tariff? There are many power plants which have unutilised capacities. Only two out of six units of Roper Thermal Power Plant in Roper have been functioning. Similarly only two units are working in Bhatinda plant. Plants develop defects because of sub standard coal supplied to them. C.A.G. has also stated in its report that power deficiency had increased by more than 2000 million units during the last five years. May I know what the Govt. propose to do in this regard?

Govt. allocates funds for cogeneration plants but their capacities remain unutilised. Govt. has fixed 75% but this has not been achieved. Sugar mills could produce 3000 megawatt of power but they are producing only 10 mega watt of power. Instead of increasing the tariff Govt. should try to remove these defects. But Govt. usually increases tariff. This has been done in Punjab three years ago. Irrespective of this fact power is supplied for 4 hours in 24 hours. Will the rate be charged by taking into consideration the average supply? Usually some fault developes in boiler, turbine and in transmission lines. There is considerable delay in repairing them. No action is taken on the corrupt officials of Electricity Boards. Money worth crores is wasted in this process. I want to know from the Govt. whether a high powered Committee would be constituted to look into these problems and to suggest measures in this regard?

[English]

DR. S. VENUGOPALACHARI : The hon. Member has asked about transmission loss. I agree with him. As all the hon. Members know, transmission loss occurs due to extension of rural network, theft of electricity and

unmetered supply. All these factors are causing transmission loss.

As regards Punjab he mentioned about Ropar and Bhatinda power stations. Now they are operating at more than 60 per cent of the PLF. For a few days there was less supply of coal because a railway accident took place near Mughalsarai. Now we are increasing the PLF and are also trying to obtain more coal even through import of coal. We are giving extra power for this purpose to the extend of five per cent out of unallocated NTPC power along with full unallocated output from Auraiya GBS; and 20 per cent from the total output of Chamera HPS, which includes 15.3 per cent from unallocated power.

[Translation]

SHRI BANWARI LAL PUROHIT : There is power crisis in Maharashtra. Deputy Chief Minister and Energy Minister of Maharashtra, Shri Munde has said in a statement that the power houses which run on coals get only two third of their requirement. I have seen the tender of Chandrapur Power House. It spends Rs.35 lakhs for separating stones from the coal. There is so much coal in Vidarbha that you do not need to import coal for the next fifty years. But it is not exploited. An artificial shortage is created. This crisis is manmade, and has been created by vested interests. Corruption is rampant in Coal India Ltd. They supply coal to private entrepreneurs in black market while the power houses are being ruined. Will the hon. Minister enlighten us as to how they are going to solve this problem?

[English]

DR. S. VENUGOPALACHARI : From time to time we are giving instructions. The Minister of Power also has been convening the meeting of the Ministers of Coal and the Railways. The Coals Ministry is now going to keep one washery with them.

[Translation]

SHRI RAMENDRA KUMAR : State Electricity Boards are incurring losses and power generation is on decline. Some hon. Members have stated that one of the reasons for the decline in power generation is the supply of sub-standard coal to the power houses. So far as I know there is no shortage of coal in any power station and they are supplied coal as per specified demand. Hon. Minister has stated that the State Electricity Boards would be restructured. Would this step reduce their losses. I would like to know whether Govt. is not going to increase the tariff in agriculture sector? The restructuring of the electricity boards is being done at the instance of World Bank. This is not going to reduce the losses of Electricity Boards. I would like to know from the Govt. if they going to take a policy decision in this regard by convening a meeting of the concerned State Govts., political parties and Trade Unions and increase the participation of the labour in the Electricity Boards?

[English]

DR. S. VENUGOPALACHARI : Mr. Speaker, Sir, as I said earlier, the hon. Prime Minister is going to convene a meeting of all concerned Chief Ministers in the next month.

As far as coal is concerned. last year, we got 180 million tonnes of coal against our requirement of 190 million tonnes. This year, we need 210 million tonnes and Coal India have agreed to supply 190 million tonnes. We are therefore going in for import of coal. For that, the Ministry of Finance has also agreed to reduce the import duty from 35 per cent to 20 per cent.

SHRI NIRMAL KANTI CHATTERJEE : Sir, I have a simple question. It is in two parts.

The first part is this. Has he got any estimate? If he saves on generation through better inputs and if he saves on distribution through better control of the distribution system via the local bodies, etc., to supervise the distribution, how much cost reduction is possible? Would the cost be less than the average price at which it is sold?

The second part of my question is this. On learning from the petroleum price hike, does he realise that it is better to raise prices at the final stage, i.e. at the consumption stage than at the initial state, that is at the production stage? Therefore, if at all the prices have to be hiked, it should be done at the level of the domestic sector, which is 90.97 per cent and the richer sections could be covered without disturbing the prices which enter into the agricultural production.

DR. S. VENUGOPALACHARI : As I said earlier, this matter pertains more to the State Governments. The Ministry of Power is giving instructions to all the State Governments for setting up on an independent regulatory body for fixation of tariffs.

We are going to give instructions on distribution also. Now, all these years, we were concentrating only on the generation side. If we wanted Rs.100 crore allocated for generation, only Rs.25 crore was allocated for distribution. Now, whatever amount is allocated for generation, a similar amount would be allocated for distribution also. Thus, the distribution loss would be minimised and the power generated would reach the needy consumer.

[Translation]

DR. SATYA NARAYAN JATIA : There has been mismanagement in the field of power generation. There is no worthwhile programme to fully exploit the available capacity in this regard, whether it be atomic energy, hydel energy, thermal power or gas based power. We have no definite plans to generate power in these sectors as per our requirements, with the result that the shortage of power is increasing year after year. Govt. of Madhya Pradesh has not formulated any scheme to supply power to farmers for the last two three years. No

body knows how many farmers would be supplied power this year. In view of this I want to know from the Govt. what steps they are going to take to supply power to agriculturists?

[English]

DR. S. VENUGOPALACHARI : So far, the Government has not prepared any plan because in the hydel, thermal and nuclear units, the cost is more as power the survey, we will examine the idea.

[Translation]

SHRI RAM KRIPAL YADAV : Power is supplied mainly to three sectors, agriculture, domestic and industry. I want to know from the Minister what is the consumption of power in the above sectors sector wise separately and whether full amount of the cost of power supplied is recovered or not? What is the percentage of power theft?

[English]

DR. S. VENUGOPALACHARI : Mr. Deputy-Speaker, Sir, so far as consumption of power is concerned, 38 per cent of power is going to the agricultural sector, 38 per cent of power goes to industrial sector and 18 per cent of consumption goes to domestic sector and the remaining six per cent is used for miscellaneous purposes like railway tractions and other expenditure.

Regarding theft of electricity, it is mainly due to unmetering and irregular collections by the officers and it pertains to the State Electricity Boards.

[Translation]

SHRI RAM KRIPAL YADAV : I wanted to know from the Hon. Minister what is the percentage of billing?

[English]

DR. S. VENUGOPALACHARI : It is 20 percent.

SHRI P.R. DASMUNSI : Sir, through you, I would like to know from the hon. Minister on a policy matter. Since it is a fact that most of the State Electricity Boards have been consistently reporting to the State Governments and the State Governments have been asking the Government of India for funds, due to lack of funds, and they are not in a position to improve their plant and machinery and capacity programme for repairing boilers, etc. and since it is a fact that foreign companies are already in the field like Enron, Cogentrix, Hyundai, Mitsubishi, etc. and the Government of India is giving clearance to go in for independent projects, will the Government consider to persuade the State Electricity Boards, to join hands with some foreign companies for augmentation to revamp their capacity, repair their boilers at a lesser cost with full authority of the State Electricity Boards? Will the Government compel the foreign companies saying that a company

can get a full project in a State, after winning the tender, provided they also participate in the overhauling programme of the projects launched by the State Electricity Boards in that State as a joint responsibility alongwith the independent project so that the cost burden on the State and the Central Exchequer would be less and the production programme of the State Electricity Boards managed units will go up? Will the Government consider this matter and compel those big giants? Otherwise, you cannot fund them and they will die and ultimately, the companies will come and ask you for more and more funds and our entire objective of the State sector and the public sector will be totally destroyed.

DR. S. VENUGOPALACHARI : Mr. Deputy-Speaker, losses and fixation of tariff is pertaining to the State Electricity Boards and the State Governments' consent depend on political stands and political motives like giving subsidy to the farmers in the field of agriculture. They have to be compensated by the State Government. Even though the State Electricity Boards are ready to supply, the State Governments are not providing subsidy to the Electricity Boards. There is a proposal from international companies and World Bank also about restructuring the State Electricity Boards. The foreign companies are coming to arrest transmission and distribution losses also. Six States have agreed for this proposal. They are already negotiating with the multinational companies. We are instructing the remaining States also to implement the same.

[Translation]

SHRI SHIVRAJ SINGH : Mr. Deputy Speaker, Sir, there is acute shortage of power. Hon. Minister is aware that last year also Govt. could not supply power to agriculturists, for more than three-four hours, in a day. The condition is worse this year. We may not be able to supply as much power this year as we have done last year. I want to know from the Govt. the measures taken to augment the supply of power to the farmers?

Secondly, we start making efforts only when we are constrained to do so... (Interruptions)

MR. DEPUTY SPEAKER : Please ask only one question. Other members would also like to put questions.

SHRI SHIVRAJ SINGH : My question is very important. I would like to know from the Govt. what would be the demand of power during next 20-25 years and whether Govt. has formulated a long term plan in this regard?

[English]

SHRI S. VENUGOPALACHARI : Mr. Deputy-Speaker, Sir, we have given instructions to all State Electricity Boards to set up independent regulatory bodies for collection of tariff. Once such bodies are set up for

collection of tariff better monitoring can be done to arrest transmission and distribution losses. Whatever power is generated in the State will be made available to the farmers. We are encouraging private participation in the State Electricity Boards concerned.

SHRI S. BANGARAPPA : Mr. Deputy-Speaker, Sir, the cost of production per megawatt of power is constantly rising. About three years back, the cost of production per megawatt of hydroelectric power was about Rs. 2 crore and now it has gone beyond Rs.3 crore. Consumption of power in both industrial and agricultural sectors, as has been rightly put forward by the hon. Minister, is somewhere between 35 to 40 per cent.

I would like to know from the hon. Minister whether, in view of the economic liberalisation policy of the Government of India, there is any master plan with the Government to meet the demand of this level of consumption in the industrial and agriculture sectors, and to generate more power through conventional and non-conventional methods of power generation. There are many ways of generating power like hydro, thermal, atomic etc. I would like to know from the hon. Minister whether the Government has any master plan to meet the overall demand in the country including developed, undeveloped, backward and forward areas of the country.

SHRI S. VENUGOPALACHARI : The Government of India is thinking of renewable energy sources also. It is very essential. The States of Tamil Nadu, Karnataka and Uttar Pradesh are doing more in this area. The Government has a master plan on non-conventional energy.

[Translation]

#### Enron

\*282. SHRI K.D. SULTANPURI : Will the PRIME MINISTER be pleased to state :

(a) the item when the Maharashtra Government decided to close down the Enron Project in Maharashtra;

(b) the basis and reasons on which the Union Government accorded its approval to implement the project again;

(c) whether any offer had also been made to compensate the expenditure incurred by the company thereon; and

(d) if so, the amount paid in this regard?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF POWER AND MINISTER OF STATE IN THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES (DR. S. VENUGOPALACHARI) : (a) Government of Maharashtra on 03.08.1995 repudiated Phase-I and cancelled Phase-II of the Dabhol Power Project.

(b) Government of Maharashtra. After negotiations, decided to revive the project in February, 1996. Consequent to the decision of Government of Maharashtra to revive the project, the Government of India as required under the provisions of Counter Guarantee Agreement, has conveyed no objection to the amendments in the Power Purchase Agreement in respect of the Dabhol Power Project, as proposed by the Government of Maharashtra.

(c) Dabhol Power Company has waived their claim to delay and disruption costs in respect of the delay in the resumption of funding of the project for the period upto 31st July, 1996.

(d) Does not arise.

[Translation]

SHRI K.D. SULTANPURI : Hon. Minister has stated in his reply that Govt. of Maharashtra decided to close down this project on 3-8-95. What were the reasons to close down such a big project? Why it was revived in February 1996. Who were the persons involved who received kick back in connection with this project? Is the Govt. prepared to get this matter investigated through C.B.I.?

[English]

DR. S. VENUGOPALACHARI : This is a project of the Govt. of Maharashtra. The matter pertains to the state Government and the Central Government has nothing to do with it.

[Translation]

SHRI K.D. SULTANPURI : Mr. Deputy Speaker, Sir, my question has not been answered properly. I want to know if Maharashtra Govt. is involved in closing down the project. Secondly I want to know whether Maharashtra Govt. has taken permission from the Central Govt. before reviving this project? If so, when did the Central Govt. receive the proposal from Maharashtra Govt. and on what basis it has been approved?

In Part of my supplementary Question I want to know that in earlier project which was scrapped, the cost of per megawatt power approved was Rs. 4.49 crores, which has now been revised to Rs. 2.94 crores. What is the total amount that has been saved thereby? Who were the persons responsible for making the earlier agreement and on what basis the agreement has been revised to bring down the cost to Rs. 2.94 Crores?

[English]

DR. S. VENUGOPALACHARI : Sir, the Maharashtra State Govt., the Dabhol Power Corporation and the Maharashtra State Electricity Board entered into a tripartite agreement. The proposal was then sent to the Central Govt. for approval. As per the original estimates,