

MR. CHAIRMAN: There are no amendments to Clause 5. I shall put together Clauses 4 and 5 to the vote of the House. The question is

"That Clause 4 and 5 stand part of the Bill."

The motion was adopted

Clause 4 and 5 were added to the Bill.

MR. CHAIRMAN: The question is.

"That Clause 1, the Enacting formula and the long Table stand were added to the Bill."

The motion was adopted

SHRI A.K. ANTONY: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

18.39 hrs.

HALF -AN-HOUR DISCUSSION
FOREIGN INVESTMENT IN POWER
SECTOR

[English]

MR. CHAIRMAN: Now we shall take up Half-an-Hour Discussion. Dr. Laxminarayan Pandeya to speak.

[Translation]

DR. LAXMINARAYAN PANDEYA (Mandsaur): Mr. Chairman, Sir, the information given by the hon. Minister of Power

in his reply to my question on 1st March was incomplete, and the information sought in the House was not provided. The hon. Minister did not give a satisfactory reply to the supplementary questions asked by the other hon. Members. It is for this reason that the matter has been raised here again under half an hour discussion.

[English]

MR. CHAIRMAN: May I request the hon. Members not to stand in the gangway please? Kindly take your seats or else withdraw from the House please.

(Interruptions)

[Translation]

DR. LAXMINARAYAN PANDEYA: Mr. Chairman, Sir, I would like to submit that it is very essential to increase the power generation with a view to ensure all round development of the country. Electricity being generated at present is not adequate to cater to our power requirements and thus the farmers have not been able to make the required progress. Similarly industries are also not being supplied power in accordance with their needs. All this has had and will continue to have an adverse effect on the economy of the country. The present level of power generation is not adequate to meet even 60-65 per cent of our total requirements. Our installed power generation capacity utilisation is also not optimum. Besides this there are several projects which the state Governments had sent to the Central Government for their clearance but these have not been cleared so far, due to which those schemes have been lying incomplete. This has also been causing an obstruction in the production. Several such schemes from Madhya Pradesh Government have been lying pending with the Central Government.

I would like remind the hon. Minister of Power that I had asked him as to how many foreign companies had been given the contract to take up the work of the power projects into their hands? Though there are a large number of such projects, but only three of them have been referred to in the reply. Out of these, there is such project in each of the three states of Tamilnadu, Andhra Pradesh and Maharashtra. One company has been given the contract of about Rs. 750 crores while another one has been given the contract of about Rs. 7,800 crores. Both of these companies are US based companies while the third one is an Indian company working in collaboration with a foreign company. I would, therefore, like to submit that even in India there are such companies or industries which are capable of such work. Heavy Engineering Limited, Bhopal, BHEL and Heavy Engineering, Ranchi are the companies which can make optimum contribution with regard to the power generation. These are the two companies which are manufacturing the electrical equipments not only for domestic use in the field of power generation and other such areas but also for the purpose of export of all the countries throughout the world. BHEL and Heavy Engineering Corporation are still exporting electrical equipments to other countries.

I would, therefore, like to know from the hon. Minister as to what was the emergency that we could not rely upon our own companies and had to give the contract to foreign countries, that too on such a large scale. Does it mean that it has become necessary to give the contract to foreign companies in order to get foreign loans, or IMF had laid down certain conditions due to which it has become necessary to give the contract to foreign countries or our machinery is no more efficient enough to accomplish the same job or the Government has no faith in the Indian engineers and other concerned personnel due to which it has

decided to give the contract to foreign companies. It will be a set back to our efforts for our self-reliance. So the multinational companies are going to start their operation in this country and their number as per his reply is at least three. In fact there are many more with which negotiations are going on.

Mr. Chairman, Sir, I have got a cutting from the Navbharat Times dated 30th April. It reads that the Ministry of Power has decided to give contract to six foreign countries for power generation. This paper has published the names of the six companies whereas the hon. Minister has referred to three such companies in his reply. The World Bank proposes to give aid for 14 projects. In view of that possibility I would like to request the honourable Minister to make it clear as to how many such projects are proposed to be given to the foreign companies. I would also like to know whether Heavy Engineering Corporation Ranchi or BHEL were incapable and whether these companies could not be entrusted with this work of manufacturing electrical apparatus? Is there no private company which can undertake this work?

So far as I know, a private company in Madhya Pradesh has offered to take up the work of the Maheshwari Power Project. It has already started working on the project. Many more private companies can do the same in the country itself. So the Government need not seek the assistance of the foreign companies. We also have experts in this field. They can accomplish the task.

I would also like to know from the hon. Minister as to how much increase would be there in power generation as a result of such an agreement and how much of our requirements would be fulfilled with this arrangement. Under this agreement these companies have been assured autonomy for a period of fifty years. While speaking on the National Thermal Power Corporation,

[Dr. Laxminarayan Pandeya]

whose Bill has already been passed, I had pointed out that if the concept of 'no man Power station' was adopted the technique will be confined to the owners only. By giving the contract to foreign companies the Government tends to bring foreign technique in the name of power network in the country and thereby mortgage the future of the country with the multinationals.

I would also like to know whether giving the contract to the foreign companies in this manner is not a direct interference in our efforts to achieve self reliance? What are the terms and conditions of the agreement with these companies? What are the grounds and period of this agreement? Under what circumstances the government have signed this agreement?

Is it not a fact that the foreign companies which have been awarded contract will be importing components instead of utilising the domestically manufactured components on the plea that the indigenously manufactured products are of sub-standard quality? On this plea the domestically produced goods will be rejected and whole lot of the components will be imported. Indian experts, industries and companies, which I referred to, are exporters too. They are being awarded contracts abroad and are also taking up power projects in their hand in foreign countries. Indian companies are executing big projects in foreign countries like selling locomotives for rail transport, but here in India these are being considered incompetant and unreliable. Therefore, I would like to have a categorical reply from the hon. Minister as to what he proposes to do in this regard?

In the end I would like to know whether it is a fact that the power sector is facing serious in foreign countries? This is the reason why the foreign companies engaged

in the power sector are showing interest in India and they Government thinks that it is nice that the capital is flowing into the country and therefore Government is liberal to them. This liberalisation is contrary to the goal of self-reliance and sovereignty of the country. (*Interruptions*)

[*English*]

MR. CHAIRMAN : Only those who have given their names before 10 o'clock in the morning, can ask questions; and no one else. (*Interruptions*) This is half-an-hour discussion and not a full discussion.

[*Interruptions*]

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Chairman, Sir, I would like to reiterate what Shri Pandey has stated in the House. Why are the contracts being signed with the foreign countries in the field of power sector? I think that the hon. Minister of Power will throw light on the statement that these companies can work freely for even upto 50 years in the country. I would like to submit that it is not proper to place orders on the foreign companies when BHEL and HEC are there in the country. Both the companies are not getting adequate orders, due to which they are in bad shape, on the contrary but we are placing orders on the foreign companies and bringing them into the country. Why do the Government sign agreements with foreign companies? Agreements should be signed only in the event of lack of availability of certain goods in India or if these are available at cheaper rates abroad. What we buy from abroad are 20 times more expensive. This is an attack on the self-reliance of our country. It won't be proper on our part to place orders on the foreigners at the cost of development of power sector/industry in India, because of the pressure of foreign loan and other sorts

of pressures. The hon. Minister need pay attention towards the power generation in India. If anything is available at cheaper rates in foreign countries then sign agreements. The hon. Minister will definitely give reply to these questions.

SHRIMATI BHAVNA CHIKHLIA (Junagarh): Mr. Chairman, Sir, I would like to know from the hon. Minister the number of power projects lying incomplete and the reasons therefor? I would also like to know the names of foreign companies from which the loans were taken and for which projects? Are foreign loans desirable for these projects?

India is predominately an agrarian economy. The plight of the farmers is miserable because they do not get remunerative prices of their produce. It is also because we are genuinely not interested in becoming self-reliant. The manner in which the foreign companies are being brought into the country is not good for the country. Farmers plight is miserable. India can become self-sufficient in foodgrains only if power and water are made available to the farmers in abundance. I would like to submit that the Centre has always meted step motherly treatment to Gujarat which in turn has done the same with Saurashtra region of the State. This cannot be tolerated for a longer period. If this continues then the people will be forced to take a definite stand which I do not want to divulge right now. In Gujarat many projects could not be completed till now. In Gujarat many projects could not be completed till now, for example 'Piyawap' gas based power project. Though the Centre has cleared the project yet it could not be completed for lack of availability of gas. I would like to know whether the Government propose to take some immediate steps for the early completion of the project?

SHRI BASUDEB ACHARIA (Bankura): Mr. Chairman, Sir, I would like to make a

submission that the hon. Minister should throw light on the foreign capital investment going on in the country and in the public sector in particular. The hon. Minister has stated in the reply that agreements for three projects with three companies have been signed viz two with American companies and one with another company. Power requirement in the country must be met. If adequate power is not made available, the country cannot develop. However, we do not want to generate sufficient power. Both BHEL and HEC meet the requirement of power sector and they are fully depended on their orders. About MMC it is said that it is in the private sector, but in fact 100 per cent shares of it are with the Government. As regards ACC-Babcock, its all the 'Directors' belong to financial institution and public undertakings. Yesterday itself an issue was raised about the order book position of BHEL, the biggest factory in India and Asia, where lakhs of workers are employed.

[English]

The order book position is very precarious.

[Translation]

Order book position for 1994-95 in case of Haridwar Unit is 7 per cent of the installed capacity, 12 per cent in case of Hyderabad Unit, nil in case of Bhopal Unit and 4 per cent in case of Trichy. In case of Hydro-electric it is 3 per cent for Haridwar, 3-5 per cent for Bhopal and 10 per cent for Hyderabad. The position for 1995-96 is nil for Haridwar, Hyderabad, Bhopal and Trichy. In case of hydro-electric it is 44 per cent, 19 per cent and 63 per cent in case of Bhopal and nil for Hyderabad and Haridwar. This is the position of BHEL after two years.

[English]

After two years, this unit will be closed down and lots of workers, who have built

[Sh. Basudeb Acharia]

this BHEL, which is the pride of our country, will be thrown to the streets along with their family members. Then, there was a package by BIFR. When ABL was closed down for 18 months, there was a package. BIFR prepared that package and Government of India was to implement that package. What was its commitment and condition? The commitment was 800 megawatts each in 1988-89 and orders for 800 megawatts boilers each year thereafter through the Department of Power, Government of India. What is the position in 1988-89? It is 210 megawatts for two units, that is, 2x210MW and for 1989-90, it is 3x210 MW and for 1990-93, it is 2x250 MW. His predecessor, Mr. Kalpnath Rai gave me an assurance, in reply to my letter, as also in the House, categorically that orders for the two power projects in Unchahaar and Yamuna Nagar will be placed with ABL. Now, I came to know that ABL is not getting the order. So, ABL incurred losses.

This company which was closed down for 18 months will earn profit this year but after two years, there will be no orders and again, this unit will be closed down. The Minister can take loan from foreign countries but not at the cost of the nation. Our own indigenous industry should not starve, like BHEL, HCL, MMCL and ABL. I want to know from the hon. Minister on one point.

19.00 hrs.

Yesterday, he has very clearly stated that they can participate in international biddings. But if they cannot compete, Government cannot help. Now, there is no price preference for public sector undertakings.

THE MINISTER OF STATE IN THE
MINISTRY OF POWER (SHRI P.V.
RANGAYYA NAIDU): That is not correct.

SHRI BASUDEB ACHARIA: Is 10 per cent price preference still continuing?

SHRI P.V. RANGAYYA NAIDU: It is 15 per cent and not 10 per cent.

SHRI BASUDEB ACHARIA: Still I want to have an assurance from the hon. Minister. While negotiating with foreign investors, I want to know whether the interests of our indigenous industries, the boiler manufacturing industry, the power equipment manufacturing industry and so on, will be protected.

Secondly Sir, you know Bakreshwar. There is a great struggle going on the State of West Bengal for this project. Will Government of India consider foreign aid for the Bakreshwar Project? Bakreshwar has already placed orders with the ABL and ABL is not getting funds from the Government of West Bengal because West Bengal is starved of funds. There is a constraint of funds.

Then Sir, there is another project in West Bengal. It is the Purulia - Ayodhya Pump Storage Scheme. This is a hydel project with Japanese technology. I want to know whether the Government will consider this project also and get it cleared. I am mentioning it because it is also depending on foreign assistance with Japanese cooperation. Will the Government get it through? This project is also very important for the State of West Bengal.

Therefore Sir, I want to know whether the Minister will clarify that while negotiating with foreign investors, our indigenous industries like boiler making industry, power equipment manufacturing industry, etc. will not suffer. Will the hon. Minister assure this House about these aspects?

[Translation]

SHRI ANIL BASU (Arambagh): Mr. Chairman, Sir, electricity generation is very important for the development of the nation. In view of our economic condition, as per my knowledge during eight plan period generation of fourteen thousand megawatt electricity has been identified with the help of foreign investment. I am of the opinion that if we need foreign investment for generating electricity then we should go for it and there should not be any dispute in this regard. But the fact is that the area which does not need a foreign investment or a loan, we go in for the same. We adopt such schemes which do not have any concern with our development process. Of course, we should go for foreign investment for the areas, where it is needed but if there is no such need, why do we go for it? I am asking very specific question. The system commissioned in Vindhyachal with foreign assistance in 1989, is being utilised only 7 per cent. When its utilization is 7 per cent only, then why at all it was commissioned?

[English]

Why it was then given?

MR. CHAIRMAN: You may conclude.

SHRI ANIL BASU: I am only asking the questions. I am not elaborating on any point.

MR. CHAIRMAN: You are entitled to ask only one question. You have already asked two questions.

[Translation]

SHRI ANIL BASU: Mr. Chairman, Sir, Chandrapur HBJ link is coming up in collaboration with Aaltsum by taking a loan. Government of India says that through

H.B.J. link power transmission will be done from Western region to Southern region. But the 14th Electrical Power Survey of the Government says-

[English]

"At the end of the Eight Five Year Plan, there will be a deficit of 619 million unit of power in the Western region."

[Translation]

There will be a deficit of power in Western region and for taking power from Western region to Southern region you are going for H.B.D.C., what is the justification for it? Electrical Power Survey Report says-

[English]

At the end of the 8th Five Year Plan there will be a deficit of power in the Western region. Then why are you going for it? There is an existing line, the present transmission system, which can take care of the whole system.

[Translation]

The other H.B.D.C. system, during Eight Five Year Plan is also being done under a conspiracy, under this, power from Eastern region will be taken to the Northern region.. Another H.B.D.C. system Jaipur H.B.D.C. system will take power from Eastern region to Southern region. What is the Planning Commissions' report in this regard? The report says that there will be 5-6 million unit power excess in Eastern region. The existing system to transfer 5-6 million unit from East to North are Dihri-Mughalsarai system, Karmonsa-Mughalsarai system, Jihan system and from East to North, there are Kalwaro-Balimela-Vslar system and Machkund-Liadibu system. For transferring power from East to West, Machkund-Korba system is there but as per your project

[Sh. Anil Basu]

report, 16 million unit will be surplus in Eight Plan, for that only a new system has been devised. When it is mentioned in the report of the Electrical power survey that this much electricity cannot be generated in that condition and the report of Planning Commission supports it then it is totally wrong to prepare project report to bring equipments of multinationals. I would like to ask whether it is true or not?

My another question is that you do not have load for 800 K.V. system at Kishanpur-Bhoga sector and for the next twenty years you cannot make available this load but you bring this 800 K.V. system of foreign loan, it is not going to benefit you for the next twenty years?

[English]

Even the countries which are exporting power, do not have 800 KVC system; and we are going in for 800 KVC system which would not be required for the coming 20 years.

If it is necessary, you take loan; if it is necessary you import technology.

MR. CHAIRMAN : If you want the Minister to reply, then please conclude. Mr. Minister.

THE MINISTER OF POWER (SHRI N.K.P. SALVE) : I am grateful to the hon. Members who have participated in the half-An-Hour Discussion. (Interruptions)

MR. CHAIRMAN: Let the Minister reply first. If anything remains, then I will allow you.

SHRI N.K.P. SALVE: I am grateful to the hon. Members who have raised this discussion and the other hon. Members

who have raised this discussion and the other hon. Members who have participated in this discussion.

Some basic things I would like to make absolutely clear. The first and foremost is that we have invited the private sector to participate, not to supplant but to supplement the public sector in the power sector.

There is another thing which I want to submit very clearly. We are as much concerned about BHEL as much as Members are concerned. I will tell you that we are doing.

Firstly, so far as hon. Member Dr. Laxminarayan Pandeya is concerned, he was saying why are we going in for private sector investment from abroad. I think he has no objection to private sector investment in India. Why are you going in for private sector investment from abroad when BHEL is there to give us the necessary equipment. Firstly, I want to point out to the hon. Member that supply of equipment is something different from the generation of power. BHEL is not in generation of power. NTPC and other companies are in generation of power. So, kindly, do not Mix up the two concept at all. (Interruptions) I am coming to it. Listen to me please. Regarding BHEL, I will tell you. (Interruptions). I am not yielding. I am replying to the hon. Member. It is impossible for me to earry on like this. If you are dissatisfied at the end. You can ask me.

So far as BHEL is concerned, I am going to tell you what we are going to do about it and how deep is our concern because we also depend on BHEL to supply boilers and turbines.

(Interruptions)

MR. CHAIRMAN: Please don't disturb the Minister. Let him reply. Then you can

ask questions.

SHRI N.K.P. SALVE: I am replying to the hon. Member. Please bear with me and show courtesy to him, if not to me. I am answering him via Chair. [Translation]

DR. LAXMI NARAYAN PANDEYA: While giving you an example of Maheshwari project, I have said that you have given contract to a private company in Madhya Pradesh. So far as the supply of equipments is concerned, B.H.E.L. or Heavy Engineering may supply these but it does not mean that a private company cannot supply equipments. There are such industries here which can supply such equipments, then why are you giving contracts to the outside companies? Why you are giving priority to the outside companies?

[English]

SHRI N.K.P. SALVE: That was the second point. I wanted to submit to you that in the private sector as many as 45 companies have shown their interest. We are going to them because, as I said, we want to supplement the public sector for generation of power. The shortage exists there. And let me tell you something, some perceptive plan which we have done. I want you to please bear this in mind what I have to tell you in the context of what I will have to reply to you. For next 15 years, we will need 1,48,000 MW; and at today's cost that will cost the country not less than rupees five lakh crores of rupees. Imagine the magnitude of the problem; imagine the magnitude of the resources required; and this also whether we will be able to bridge the shortage or not I do not know. Now, this is the magnitude of the problem. If so much money is available to us in the public sector, I give you an assurance right here and now that I will never look at the private sector; I will ask NTPC and other companies to do it. But, since there is an acute resource

crunch, that is one of the main reasons why BHEL is in trouble. We are in trouble at the moment. Therefore, I want to submit to you. There are 45 companies in the private sector which have shown interests in this and all the five projects which are under construction at the moment are the Indian companies.

Secondly, out of indentment recorded here which I have referred to there are 14 companies which are Indian companies. We welcome them very much. Let there be more Indian companies coming. It is not as though we are inviting the foreign companies in any preferential terms. The terms are the same to everyone. What we are anxious is they do come. Many people will express but ultimately they do not come. You know, it is very high capital intensive industry. It is not easy to get the people. Therefore, you have my assurance on one thing that....

SHRI ANIL BASU: This is not the case. But bilateral grant and loan agreement are the main reasons.

SHRI N.K.P. SALVE: I am replying to something what hon. Shri Pande has asked me.

(Interruptions)

SHRI ANIL BASU: You cannot explain to an individual.

SHRI N.K.P. SALVE: I am not explaining to an individual, I am giving reply to an individual. Is that clear to you? (Interruptions)

SHRI ANIL BASU: This is a point of order. He cannot do that. The rule is very clear. Then a Minister is making any statement or replying to the question, he is addressing the House through the Chair.

MR. CHAIRMAN: There is some misunderstanding. He is replying to the points raised by him.

(Interruptions)

SHRI ANIL BASU: No, Sir, he said that he was replying to the individual Member's question. *(Interruptions)*

SHRI BASUDEB ACHARIA: He should reply to the House and not to any individual member.

SHRI N.K.P. SALVE: I have been in the Parliament for long. I am reasonably conversant with the rules of Parliament.....

SHRI ANIL BASU: Yes, you are very senior enough.

SHRI N.K.P. SALVE: Therefore, in humility, I request you to kindly allow to deal with the points raised by the hon. Member, I want to make it clear to him with regard to his query why are we giving preference to this company. In fact, that is the trust of the very question he has raised, and it is very important. What we says is that this question does not state the reason for inviting these foreign companies in the country itself. There are many companies which are able to undertake this kind of major work. Please get all of them in India. We will be very happy. If all the Indian companies come in the private sector, I for one will be the happiest person, but they do not have the resources. I want to submit to Shri Pandey. This was the thrust of the question Anilji, that is why I want to reply to it very elaborately.

Now the second thing is what will be the generation capacity. Today, as you know, our capacity is round about 35,000 MW but we are generating about 35,000 MW. By the end of the Eight Plan we want

that at least 35,535 MW is augmented and to be able to do that the sources which we have from the Planning Commission are around about 70,000. At the rate of 3.5 or 3 crores per MW it will hardly suffice for 20,000 to 22,000 MW. Balance of it, we thought, will come from the private sector and at the end of the Eighth Five Year Plan, I am afraid the shortage will continue to be what it is today. Therefore it is utterly imperative that to supplement the public sector we have got to bring in the private sector, for self-sufficiency.

Now, I want to submit to you, that it is precisely for purposes of self-sufficiency that we are supplementing the public sector funds by borrowing from abroad- bilateral borrowing multilateral borrowing and the third type of borrowing in the.....

SHRI ANIL BASU: World Bank- the borrowing at the cost of the country.

SHRI N.K.P. SALVE: Yes, but not bartering away the interest of the country; at the cost of the country, yes.

The three types of borrowings are multilateral, bilateral and private sector. These are the three sources from which we are borrowing. The cost will have to be borne by the entire country, but it is not any waste. In return for that we will be generating power. It is not a wasteful expenditure. We are not spending away, we are spending away, we are putting in very valuable asset because the power sector is one sector, infact the entire economic power of the country will ultimately flow from the chimneys of pollution free power sector. That is what I have always been saying.

Therefore, self-sufficiency itself requirement we must have more power, greater generation and for purpose of generation we require investment and unless we do tap all the sources to make good

enough money for us to generate what we are contemplate to generating it will not be possible for us to get power.

SHRI ANIL BASU: Also, you require a Cabinet Minister, a powerful Minister.

SHRI N.K.P. SALVE: What is the time frame for self-sufficiency? It is very difficult for me to say what is going to be the time frame. The hon. Members should have been a little more charitable to me. There is no timeframe I can give you.

Then his final question is a very interesting one. He asked whether it was due to the recession abroad that they are coming here. I wish, the hon. Member realise that it is not that easy. It is not easy to get investment here at this time. Large many areas are open in the world for these people to go and invest money. That is why we have to make them attractive for them. Ultimately I assure the hon. Member that in India we will not have enough resources coming up, for a very highly capital intensive industry. We are talking in terms of lakhs of crores of rupees and therefore we will have to have moneys from abroad and if the moneys from abroad are coming we are one of the competitors for borrowing, we are not the only competitors. If there were no compulsions in India was the only country where investment was possible for them in the power sector, I would have been the happiest man. But that is not so. We have to compete with other countries and therefore offer them lucrative terms, etc.

Shri Girdhari Lal Bhargava is not here. His query was why we were importing equipment, which according to him was far more expensive than the Indian equipment. I assure him that when we go in for international bidding we give preferential treatment of price of 15 per cent only to Indian Company, BHEL and to nobody else and if in that case we find that BHEL is cheaper, surely,

it is coming for valuation. Why should we import equipment which is more expensive abroad? It is international bidding and one of the norms of the international bidding is that we must buy equipment at the best possible price so that we are able to provide stable, efficient power competitively and cheaply to the people. Therefore I think premise of the question is wrong.

Shrimati Bhavna Chiklia wanted know which were the projects under implementation. I am afraid, I will have to write to her and inform her which are the projects which are under implementation.

She raised another important question she is not here new that moneys are coming from abroad, they will generate power and the power becomes so expensive that ultimately the agriculturist will not be able to bear the price. I think that was the thrust of her question. I think that is utterly misconceived. These companies will be generating power and selling it to the State Electricity Boards and it is for the State Electricity Boards and the Power Grid Corporation to determine what the tariffs are going to be. Today, the States have decided to charge 50 per cent from the agriculturists. Is there any warrant to consider that what will be charged by these companies to the State Electricity Boards or to the Power Grid Corporation? (Interruptions) I am not yielding. Ultimately it is for the State Electricity Boards, it is for us to decide what is going to be the price structure, the tariff structure for different areas, different sectors, the tariff and generation of power have very little in common in the sense that what consumer has to do pay is decision at a different level. Therefore, there is no warrant for this kind of a misapprehension that the agriculturists will be ruined in my manner whatsoever. In Gujarat there is inadequate gas. (Interruptions)

This kind of a commentary must step if you are serious about it

SHRI ANIL BASU: You are not giving full answers.

SHRI BASUDEB ACHARIA: He had to reply to all the questions.

MR. CHAIRMAN: No running commentary please. Let him finish. If anything remains, at the end you can ask him.

SHRI N.K.P. SALVE: The difficulty is if an hon. Member thinks that the entire wisdom of the world is reposed in one person, it makes the working and functioning of Parliament very difficult. (*Interruptions*)

I do not claim that I am very knowledgeable. I am new to the subject. I am learning every day.

It is in the fitness of things that everyone should learn to respect what the other man has to say in the matter, as much as I respect what he has to say. I think his questions are utterly absurd. On the face of them, they are absurd and I can prove it. But I respectfully listen to what he has to say. I think his knowledge is utterly half-way, utterly indigested, but I listened respectfully at least.

Now the question arises about inadequate gas. I think this question she should address to Captain Satish Sharma- Inadequacy of gas is not in my hand.

There is an extremely important question raised by Shri Basudeb Acharia about BHEL. We are very much concerned about BHEL. BHEL has put to us that it has a capacity to supply equipment - boilers, turbines, generators - of a capacity of 3,500 MW per annum.

SHRI SRIKANTA JENA (Cuttack): 6,000 MW.

SHRI N.K.P. SALVE: 6,000 is in theory. They say you give us 3,500, we shall be occupied full time.

SHRI BASUDEB ACHARIA: Have they written to you, because their capacity is 6,000 MW per annum?

SHRI N.K.P. SALVE: Since he has asked the question, I am forced to reply. Normally I never bring in bureaucrats. Today in my briefing, we summoned an official of the BHEL, and when my Ministry's official said they would not be able to meet more than 3,500 MW, I asked that official of the BHEL and he said, yes, it cannot be more than 3,500 MW. Anyway, if it is not correct, the responsibility will be mine and not of that official. But I want to submit that they have themselves said that they do not want more than 3,500 MW.... (*Interruptions*).

SHRI SRIKANTA JENA: The capacity is 6,000, how they are saying 3,500?

SHRI N.K.P. SALVE: I have submitted and you can find out from them. If I am wrong, I shall be very happy to correct myself. But this is what we have been told and I am taking on the basis of information given to me.

So far as BHEL is concerned, I want to point out as to what we are doing for BHEL. That is very important. BHEL is important to us for reasons more than one and to the best of our ability, we shall keep on making endeavours to see the BHEL does not get into difficulties. The hon. Member has said that BHEL is in difficulty in Bhopal, Hyderabad and Trichy. But that is primarily because we are in difficulty. We do not have funds. If you do not want us to borrow, then what will happen? Not only will there be no power, I shall be taking the country into darkness. But before I take the country into darkness, BHEL will go into liquidation. So, for your own cause, which is also my cause.

namely that of BHEL, it is absolutely essential that I go in for multilateral borrowing and bilateral borrowing. Even for Bakreshwar it is necessary. Jyoti Basu is asking me every time.

SHRI BASUDEB ACHARIA: But for Bakreshwar, the State Government of West Bengal has already placed the order with ABBL.

SHRI N.K.P. SALVE: The problem with them is not order, the problem with ABBL is payment. Kindly persuade the Minister and Government....(Interruptions). Please arrange funds to be paid to ABBL. Kindly use your good offices.

SHRI BASUDEB ACHARIA: I know the problem.

SHRI N.K.P. SALVE: If you know the problem, better than me, I am very happy. You help them out. But that is the problem I hope. It is no use trying to ask me to help ABBL when the real help is required in some area in which you alone can help and not I.

SHRI BASUDEB ACHARIA: In the package which was prepared by BIFR and the Central Government, the role that was to be played by the Central Government, has not been played by them. The order for 800 MW which was to be given by the Central Government, has not been given by them. The State Government has already given the order to ABL to manufacture boilers.

What about Yamunanagar and Unchahar? M/s. ABL have bagged the C.E.F.C. Buzz-buzz boiler. Government is fully committed to it. We do hope West Bengal will continue with Bakreshwar which we have posed at the moment to the O.E.C.F. It is the position which you have accepted. I have a note from my Ministry which says that if ABL is in difficulty it is not

at the moment for want of order. It may be for future years. But the difficulty that I am explaining at the moment is the difficulty with reference to resources speech. The West Bengal Government is not paying what they have been supplied to. You kindly take care of that.

SHRI BASUDEB ACHARIA: Unless State Government gets funds, how can they give it?

SHRI N.K.P. SALVE: How can we go on like this? I cannot understand.

MR. CHAIRMAN. Shri Basudeb Acharia, we cannot carry on like this indefinitely. Mr. Minister, please complete the answer. We want to finish it.

SHRI N.K.P. SALVE: I am reading from a part of the minutes of the meeting between the Power Secretary, Chairman B.H.E.L., Department of Heavy Industry and the Planning Commission. This will give you, Shri Pandeyaji, an idea also as to what we are doing on BHEL. I quote:

Viewing in this context, an assessment was made in respect of projects giving benefits in 8th Plan and 8th Plan projects likely to slip to 9th Plan and orders for which have yet to be placed. It was felt that orders for projects, viz. Rih and II, Chandrapura Unit-7 and Amguri which are likely to be funded by multilateral agencies, BHEL stood good chances for getting orders for supply of equipment for these projects, in view of its competitive offers.

In respect of other projects, the chances of getting orders are rather remote as either they are low priority projects or the implementing agencies do not have any

[Sh. N.K.P. Salve]

funds. Secretary (P) expressed the view that BHEL can secure more orders, if it goes in for bidding offers of various companies including the private ones.

Joint Secretary, Department of Heavy Industry desired that it would be expedient to explore enlarging the funding scope of PFC. If the PFC could provide funds for power projects, the BHEL can hope to get good orders."

The real problem is that we have the crunch of resources.

SHRI BASUDEB ACHARIA: When did this meeting take place?

SHRI N.K.P. SALVE: The meeting took place on 29.1.1993, recently. You can verify this. Recently you can verify this. I am reporting before the House.

Also for protection of indigenous industries outside my Power Ministry, there are certain measures which are available the first of which is that the international competitive bidding procedure. It has finally been adopted that the comparison of prices in tender evaluation has to be made with imported equipment. The price for comparison will be landed cost plus 15 per cent plus fourth of receipts. The prices for comparison of indigenous equipment will be quoted at such price which should be exclusive of excise and sales tax on the afore-mentioned basis. It would be determined as to which quotation is lower for evaluation of it. This is what we can do: the maximum we can go. We cannot completely exempt the indigenous equipment suppliers from competition. What we can do is that we will certainly give them price preference. That way we want to keep the

indigenous industry at a better position.

Secondly, with a view to protecting the indigenous industry including the public sector BHEL, several measures have been taken. Recently the import duty is reduced to 20 per cent. Yet retention of import duty itself is a protection for indigenous industry. Whatever may be the pricing, ultimately they have to pay 20 per cent extra on what they bring here. That is another deterrent. Indigenous manufacturers do not have to pay 20 per cent duty.

And finally when we are making techno-economic clearance by Central Electricity Authority, they evaluate the suitability of the equipment. If the Indian equipment is not suitable, we will be too happy to give it to the indigenous suppliers.

Therefore, I would request hon. Members to kindly bear with us that we are all out for indigenous industries in this sector but equally important is to ensure that we do get resources and we will not borrow in terms which are detrimental to the interests of the country. I said it yesterday also. We will borrow on our terms which will help us generate power, buy equipment at the best available price and in the process give as much preference as we can to the indigenous industry. I want to lay out here at this juncture the broad position.

"The Single stand which runs across all these issues relate to the funding of power projects. Our ability to place order on indigenous suppliers is in direct proportion to our ability to fund our own projects. In the past a significant proportion of power projects was financed through budgetary support."

Now, this is the main difference which I want to bring to the notice of the hon. Member Dr. Pandeya through you, Sir, that in the years gone by the significant proportion of power projects was financed

from budgetary support. There is not the budgetary support coming now and we need to augment power generation. Therefore, what happens is, now these undertakings have to depend on their own devices.

"In projects funded by multilateral agencies the international competitive bidding procedure allows indigenous supply to compete and to compete successfully because of the price difference and because of the import duty restrictions their projects have to take recourse to bilateral funding. For want of any other option the equipment supply goes beyond reach of the domestic industry."

We are helpless. "Where a country comes with a very attractive proposal, sometimes they come with outright grants and aid, there of course they would want their own country to come about, their own country to take the order. The route does not necessarily pose a road block to the Indian industry. In fact, since such private sector participation is to supplement and not supplant the public sector, it offers fresh opportunities to the Indian industry to secure orders on the basis of their proven comparative advantages. All those aspects are fully kept in view in the constant and constructive interaction between the Power Ministry and the Ministry of Heavy Industry."

Sir, I hope this should clarify all questions which have been raised by Members.

SHRI BASUDEB ACHARIA: You have not replied to my question regarding Jammuna Nagar and Unchahar.

SHRI N.K.P. SALVE: Sir, this is a general question about the investment. The other questions which are with reference to some specific projects are raised by Shri Anil Basu.

SHRI ANIL BASU: I have not asked any specific question. I have asked on general principle. You have taken loans for projects which are not at all required. It is a very simple question. (Interruptions)

SHRI N.K.P. SALVE: The trust of the question is, that he does not take the reasons for inviting these foreign companies because in the country itself there are many such Companies which are able to undertake these kinds of major work. Now his question is why are we putting up some projects with borrowed funds, which projects according to him are futile and unnecessary. I have been telling about it yesterday, but if he wants a reply and says, 'You won't reply to anything specific', I am available to you, Mr. Anil Basu, I will be very happy to write to you. (Interruptions)

Sir, I will need notice. For his questions I will need notice. (Interruptions).

SHRI ANIL BASU: Sir, I have referred to the Government inquiry report and the Planning Commission's report. A knowledgeable person having the knowledge, he is not transferring that knowledge to the House.

SHRI BASUDEB ACHARIA: Sir, I have asked very specific question regarding Jammuna Nagar and Unchahar. As assurance was given by his predecessor. (Interruptions)

SHRI ANIL BASU: But not a single answer has been given to my specific questions. I say, he should have the courtesy to write to me. (Interruptions).

SHRI N.K.P. SALVE: I will write to you. He wants an answer, Sir, I will send it to him. I am not declining to give the answer to him. (Interruptions). He wants it here and now? (Interruptions).

SHRI BASUDEB ACHARIA: I want an answer about the assurance given by your predecessor.

SHRI N.K.P. SALVE: I am sorry, I will deal with it. You are referring to the assurance given.

So far as the assurance given and its implementation is concerned, I do not have papers with me right now, I am not aware of it. I assure you that I will look into what the assurance is and I will let you know what the position is.

Sir, I am sorry, so far as that aspect of the matter is concerned, it is my bounded

duty. I overlooked that.

Sir, the cost of the question I have already covered. (Interruptions).

MR. CHAIRMAN: The Half-an-Hour discussion is over now.

The House stands adjourned to meet again tomorrow, the 18th March at 11.00 a.m.

19.39 hrs

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, March 18, 1993/Phalgun 27, 1914 (Saka).