

backward State. So, I would like the hon. Minister to specifically answer two questions:—

- i) whether the hon. Minister would see that another Thermal Plant with a capacity of 2,000 MW is located there because ample coal is available there?
- ii) I have my information that the construction is not according to schedule. The whole design was frustrated. So, the entire schedule was delayed and it was made in such a fashion so that it will not actually work. Hence, will the hon. Minister kindly see that the construction is completed within one year?

SHRI ARIF MOHAMMAD KHAN: Sir, the project has two units of 500 MW each. The first 500 MW unit is expected to be commissioned by April, 1994 and the second unit would be commissioned one year thereafter. I have already stated that the progress of the project is according to the schedule and there has not been any delay. The Government had given the approval in November, 1988.

#### Caprolactum Plant at Cochin

102. SHRI S. KRISHNA KUMAR: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether the Caprolactum plant set up at Cochin has been commissioned;

(b) if not, the reasons for the delay; and

(c) by what time it is likely to be commissioned?

THE MINISTER OF RAILWAYS (SHRI GEORGE FERNANDES): (a). No, Sir.

(b) Delayed delivery of some critical equipments, uncertain availability of raw material such as stainless steel, and power

cut have affected the project schedule, as reported.

(c) It is likely to be commissioned by June, 1990.

SHRI S. KRISHNA KUMAR: Sir, the Railway Minister seems to be wearing a lot of hats.....

MR. SPEAKER: Please put your question Mr. Krishna Kumar.

SHRI VASANT SATHE: He is omnibus.

SHRI S. KRISHNA KUMAR: Sir, the 50,000 tonne Ammonium Sulphate Caprolactum Plant in Kerala is one of the most prestigious and vital industrial development projects of the State. It was supposed to have been commissioned in 1987. Later on, as per the revised schedule, it was to start the commercial production a few months ago and it is still being unconscionably delayed. This is not a Kerala industrial problem alone. Caprolactum is a vital raw material for nylon industry; 75 per cent of this raw material is being imported by India and there is recession in the nylon industry and the nylon weaving industry affecting a large number of silk and other weavers.

Sir, The Minister has given some reasons for the delay. I would like to specifically ask how much of the delay and cost escalation, is due to failure of planning, especially in the procurement of vital equipment and how much of it is due to inadequate power supply, failure to give uninterrupted power supply to the project by the Government of Kerala. I ask this because, the Kerala Government on the one hand has been insisting on the completion of the project, and on the other hand, it has been criticising the previous Central Government for neglect of the State, when it comes to industrial projects.

SHRI GEORGE FERNANDES: When the plant was first conceived, it was expected to cost Rs. 147 crores and the increase in the cost of this plant—a large percentage—is due to escalation in cost *per se*.

Second reason is due to variation in exchange rates because a lot of these plants have been imported and there has been an increase of nearly Rs. 62 crores on account of the variation in exchange rate. The variation is also due to statutory levies that have taken place, various excise duties on imported items etc.

Then, there has been a slight change in the scope of this whole unit. That has also ended in increase in the overall cost by about Rs. 15 crores. So, it would not be right to say there is any fault in the planning process. The increases are due to various factors which I do not think were thought of when the plant was conceived.

SHRI S. KRISHNA KUMAR: He has not answered the second part of my first supplementary about the power cut and the steps taken by the Kerala Government.

SHRI GEORGE FERNANDES: I know what you have been trying to drive out is that there has not been adequate power made available at the plant side. But, Sir, that has not been reflected so far as the cost of the plant is concerned.

The delay is due to non-availability of a lot of materials which should have been made available in proper time. They had not become available on time because much of the materials had to be imported. (*Interruptions*)

MR. SPEAKER: Now you put your second supplementary.

SHRI S. KRISHNA KUMAR: Sir, you are over-protecting the Minister.

MR. SPEAKER: No. I am protecting you.

SHRI S. KRISHNA KUMAR: This Caprolactum Plant is a petro chemical project. In the planning of industrial development of Kerala, petro chemical industry is an area where there is great scope in the state. Against this background, will the Minister be

pleased to state what are the plans of the Government of India for petro chemical industrial development in Kerala, especially in relation to the existing Cochin Oil Refinery, the expansion project of the Cochin Oil Refinery and the possibility of a second oil refinery in Kerala and consequent downstream development of petro chemical industries. Oil drilling on an experimental basis has already been started on the Cochin High, and we understand that the initial forecasts are favourable for commercial oil exploration in the Cochin offshore basin. I would like to know Government's plans against this background also.

SHRIGEORGE FERNANDES: I need a notice to that.

PROF. K.V. THOMAS: This Caprolactum project is in my constituency and it was a prestigious project taken up by FACT, one of the public sector undertakings. The delay in completing this project shows how the public sector is being neglected whether by the Central Government or the State Government. After two years of giving the licence of this caprolactum project to FACT, another licence was given to a private agency which has started production and this delay in commissioning of this caprolactum project under FACT when it starts production, will cause another difficulty because it has to compete with the private sector when the private sector has already started the production of caprolactum. This shows how our public sector is weakened by the indecision of the Government.

One of the ingredients for production of caprolactum is ammonia. Ammonia is being imported and we are incurring a huge foreign exchange. There is a proposal from FACT to start an ammonia plant and the Government of India has put a proposal to have an ammonia plant in the Eight Five Year Plan.

I would like to know whether this ammonia plant will be allotted to FACT which needs a huge quantity of ammonia and if only ammonia is available, this caprolactum plant can function effectively.

**SHRIGEORGE FERNANDES:** In so far the hon. Member's concern about the delay etc is concerned, I share his feelings. But, I think the hon. Member is not properly informed about the existing production facilities that are operational.

Gujarat State Fertiliser Corporation is not a private sector project. It is a public sector project and that is the plant that is now producing caprolactum in the country. There is no project in the private sector. (*Interruptions*)

**PROF. K.V. THOMAS:** There is a private sector agency which has been licensed for producing caprolactum. (*Interruptions*)

**SHRI GEORGE FERNANDES:** There is no private agency that has been licenced for the production of caprolactum. Apart from the GSFC which has been producing 20,000 tonnes and which is now expanding its production facilities, the three other units that have been sanctioned are FACT i.e. the Cochin unit, then the Bihar State Industrial Corporation which is a State Government enterprise, and in Orissa the Industrial Promotion Investment Corporation of Orissa which is also a State-owned Corporation. (*Interruptions*)

[*Translation*]

**SHRI R.L.P. VERMA:** Mr. Speaker, Sir, the commissioning of Caprolactum Project in Bihar has been badly delayed. Will the hon. Minister be pleased to state the reasons therefor. P.D.I.L. can expedite the work. The work of this factory at Sindri in Bihar is held up for a long time.

**SHRI GEORGE FERNANDES:** Mr. Speaker, Sir, the Government of Bihar took a decision about the Caprolactum Project in the year 1985 and since then it has been hanging. Not much progress has been made. As per the information available with us so far they have contacted Shriram Fibres to undertake and implement this project. They also approached SAIL in this connection. Initially they had sought the permission of

the Central Government to set up the plant at Barauni. But now the Bihar Government propose to shift it to some other place. Engineers India Limited has been entrusted the work of conducting the techno-economic survey in this respect.

**SHRI M. BAGA REDDY:** Mr. Speaker, Sir, gas has been found in the basin of Krishna and Godavari rivers in Andhra Pradesh. This State has already been facing the problem of shortage of electricity. Do the Central Government propose to undertake a scheme for gas based electricity generation through NTPC. If so, how long will it take to do it?

[*English*]

**SHRI GEORGE FERNANDES:** Does not arise.

**SHRI A. VIJAYARAGHAVAN:** While answering the question, the hon. Minister has given the details of the caprolactum project in Cochin. May I know from the hon. Minister what are the steps taken by the Ministry to expedite the work in order to start the Caprolactum plant in Cochin in the middle of this year?

**SHRI GEORGE FERNANDES:** Sir, I have already stated that the project is likely to be commissioned by June 1990.

**SHRI A.K. ROY:** Sir, Sindri is in my constituency. I know the entire background of it. My question is that when they are interested to have this project in Bihar, what is the necessity of approaching the Bihar Government since it is under FCI i.e. the Central Government Organisation which is producing ammonia? Ammonia is becoming surplus and it is being sold out. What is the difficulty in contacting his sister Ministry and have that plant there?

**SHRI GEORGE FERNANDES:** We are discussing a Letter of Intent that was sanctioned in 1985. Nobody is now approaching the State Government. The recent Letter of Intent is to be converted into a licence.

[*Translation*]

SHRI RATILAL KALIDAS VARMA: The gas found in the basin of Gujarat is flared day and night without being utilised in any way while Gujarat continues to face shortage of gas. Do the Government propose to utilise this gas?

[*English*]

SHRI GEORGE FERNANDES: This question does not arise.

MR. SPEAKER: Next question.

**Soviet Credit for Bakreshwar Power Project**

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\*103. SHRI AMAR ROYPRADHAN:  
SHRI SANAT KUMAR MAN-  
DAL:

Will the Minister of ENERGY be pleased to state:

(a) whether Union Government have since agreed to release the Rs. 700 crore Soviet Credit for 840 MW Bakreshwar Power Project in West Bengal;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF ENERGY AND MINISTER OF CIVIL AVIATION (SHRI ARIF MOHAMMAD KHAN): (a) to (c). A Statement is laid on the Table of the House.

**STATEMENT**

(a) to (c). The Bakreshwar Project of 630 MW (3x210 MW) in West Bengal is being implemented in the State Sector. In view of paucity of resources, the West Bengal Government have sought permission to avail of Soviet Credit for this project. A clearer project definition would need to be got agreed with the Government of USSR and the modalities of passing on the credit for the

project would have to be evolved in consultation with the Planning Commission and the Ministry of Finance before a final decision in this regard.

SHRI AMAR ROYPRADHAN: Mr. Speaker, Sir, as you are from the neighbouring State of West Bengal, you know that there is a long history of deprivation and disgrace meted out by the Central Government towards West Bengal. To cite one example, the Bakreshwar Power Project is one of those projects. But now the scenario has been changed. Therefore, at the present scenario I did not expect such an answer from the hon. Minister. Sir, you know that the people of West Bengal are very much eager to have this project. They are determined that they will see to it that it is completed. This project is in the list of the West Bengal people. They are shedding their blood to complete the project. Thousands of crores of rupees are needed for this project. But I find now in the reply that some modalities have to be worked out. I would like to know from the hon. Minister whether this clarification has been asked by his Department or by the Government of USSR. My next question is....

MR. SPEAKER: You have to put your second question also.

SHRI AMAR ROYPRADHAN: It is in connection with that. In the reply it has been stated that the Planning Commission have to be consulted. Why does the question of Planning Commission come now? This project has already been cleared in the Seventh Five Year Plan itself. I would like to know the details in this regard.

SHRI ARIF MOHAMMAD KHAN: Sir, I think it should be clear from my reply that, in principle, we have agreed to make the Soviet credit available for the implementation of the Bakreshwar Power Project. What I have said is that during the meeting of the Joint Indo-Soviet Working Group held in February 1990, at that time it was agreed that a clearer project definition indicating utilisation of Soviet technical assistance and the credit would be