

1. India's Power Sector: Overview

With 900 million people, India is second only to China as the world's most populous nation. While it is a poor country in terms of income per capita, it has a middle class that is huge in absolute numbers – some 250 million people enjoy an income level that sparks demand for power-consuming goods such as television sets and household appliances.

India is not a "typical" developing country – it has a well-developed administrative, legal and political structure, a large supply of

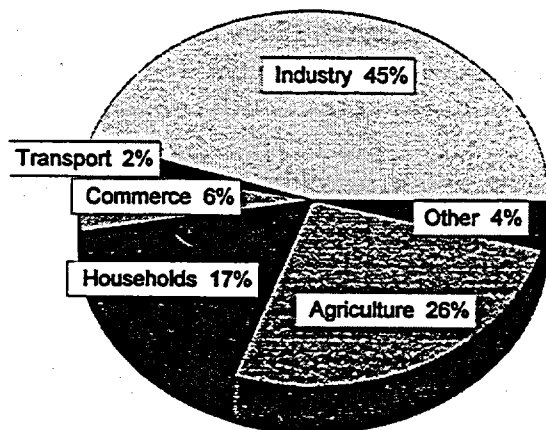
English can be used in business dealings almost everywhere.

Electricity consumption in India is low by Western standards. It now stands at around 320 kWh per person per year, compared with over 600 kWh in China, and a level of 5,000 or higher in OECD countries. Demand for power, however, has been growing at more than 8 per cent a year over the last ten years, and is likely to maintain that rate for the next decade.

When India became independent in 1947, it had installed electric generating capacity of merely 1,300 MW. By 1970, this had risen to 15,000 MW, and by 1980 to 30,000 MW. In the 1990s, it has been growing at 10 per cent a year, and now stands at about 82,000 MW – more than in the U.K. Transmission lines total 236,000 CKm, with 32,000 CKm of 400 Kv lines. Yet, despite this growth, the sector is beset with serious operational and financial problems, and its needs – which include additional generating capacity, higher levels of efficiency in generation, transmission and distribution, and greater financial stability – are great.

Many areas are still without electricity. Of India's 580,000 villages, 80,000 are not yet connected to a grid, and fewer than 30 per cent of rural households (which comprise as much as 70 per cent of India's population) have electricity.

Figure 1.1 Power Demand by Sector



educated manpower (the country has 2 million engineers), an extensive communications and transport network, and a solid industrial base, with an output of capital goods that is growing at 20 per cent a year.

