

transmission of bulk power is being introduced in India and, simultaneously, developments have also taken place on futuristic projects like Magneto Hydro Dynamics (MHD.)

b) Imports

As India has developed a significant domestic manufacturing capability, the GOI does not normally permit direct imports of electric power equipment unless imports are financed under bilateral loans or multilateral aid from the World Bank or its affiliates. Though the Indian equipment scenario is dominated by the GOI-owned BHEL, its record of quality and dependability has been considerably marred as a result of a number of controversies that have arisen out of the use of equipment supplied by BHEL to the various Indian State Electricity Boards. The Indian power sector faces considerable resource constraints arising mainly from the financial ill-health of the state electricity boards. While, to a certain degree, this financial malaise is due to reasons arising from high transmission losses, low plant load factor of generating sets, overstaffing, etc., a significant reason for it is the uneconomical and artificially low pricing structure that the boards have established for power supply. For example, the power supplied for rural electrification and the agricultural sectors is highly subsidized. Political interference in the operations of the state electricity boards has led to considerable overstaffing. All these factors have a bearing on their financial performance and contribute to their inability to generate resources for expansion and growth.

Thermal stations in India, with imported equipment, account for 50% of the total installed capacity. However, their share in total power generation was about 60% thus very clearly highlighting the comparative inefficiency of indigenously manufactured equipment. With the growing realization that for the attainment of Seventh and Eighth Plan targets it is imperative for the power plants to be operated at the optimal capacity ratings, it becomes very necessary for the country to supplement its domestic manufacture and technology with imports of quality equipment.

c) Customs Duty

While the import of Power Equipment is permitted, customs duty applied has been oriented to availability of indigenous equipment to discourage imports. For example, on specific items the leviable basic duty may be only 35% but an additional auxiliary duty of 45% and a further 'counter-vailing duty' of 15% on the combined duty may be applied. The range of duty varies widely between the basic duty of 35% to even 110% depending on the equipment imported.

Exceptions to the above include lower rates for captive power generation plant equipment (30%); power equipment (including gas turbine) of 50MW and below capacity required for specified power projects (35%) and equipment of higher capacity needed for other power projects (25%).

d) Foreign Exchange

The Department of Power is responsible for the release of foreign exchange for the import of equipment and spare parts required for the operation and maintenance of power stations in the country. It also assesses the need to engage foreign experts for power utilities, both in the public and private sector.

e) Foreign Suppliers

The major suppliers of electric power equipment to India during the past few years have been the Soviet Union, United Kingdom, West Germany and United States. Other key suppliers include Japan, France, Italy, Canada and Sweden. The Soviet Union holds a vantage position because of bilateral rupee payment agreements between India and the Soviet Union which helps to boost Soviet exports. Highly competitive bilateral grant and concessionary loans offered by the U.K., Japan, Federal