to set up captive power projects either for their own requirements or more economically, for general units on a cooperative/consortia basis with Non-Resident Indians (NRIs) investment where available.

The GOI's liberalization policy has now permitted access by the private sector to the funds of the public financial institutions to the extent of 50% of a planned project. This is a significant departure in policy hitherto pursued under which public financial institutions were barred from providing funds to the private sector for power projects. The FICCI envisages that cooperative power generation ventures could not only significantly contribute to stabilizing power supply but can even divert surplus generation to the National Grid with appropriate agreement with the State Electricity Boards for redrawing the supply during maintenance shutdowns, etc. FICCI is expected to actively lobby for appropriate changes in Government policy in this direction in the coming few months. One of the important policy decisions will have to be in the area of the degree of returns to private captive units who will likely not be willing to operate at levels of returns attained by the State Electricity Boards.

If private sector companies became more extensively involved in power generation, decisions regarding equipment/services procurement can be expected to be made more quickly than they are in the public sector organizations. This would be a positive factor as far as potential Canadian equipment/service suppliers are concerned.

h) Transmission

Transmission line projects continue to be accorded a high priority in the context of the need to evacuate power from the Central Generating Stations to the beneficiary States. The program for 1988-89 included construction of 2824 circuit kilometers (Ckt. Kms.) of 400 KV lines and 3195 Ckt. Kms. of 220 KV lines, along with the associated sub-stations.

The development of a National Power Grid has for some time been an important objective of the GOI. To achieve this objective, the strengthening and improvement of Regional Power Grids and their progressive integration through the setting of inter-State transmission lines and Central Sector transmission projects cutting across State boundaries is continuing.

Transmission Losses

Transmission losses are heavy and have averaged a significant 21.5%, with wide variations region-wise. Two of the main reasons cited for such losses are: poor maintenance and non-metering of transmission within states to detect pilferages. The GOI has recently decided to set up a National Power Transmission Corporation (NPTC) which will be made solely responsible for Power Grid Management. This step is expected to help reduce transmission losses. In addition, the NPTC will play a major role in the transmission of HVDC which has been installed in several areas and will be more prominent in the future. Several Canadian and other foreign firms/public utilities have been providing expertise to assist India in decreasing transmission losses and developing HDVC. Opportunities in these areas, particularly through collaborations/joint ventures can be expected to increase in the decade ahead.

i) Funding Requirement for Power Sector in Eighth Plan

Funding of projects targetted under the Five Year Plans has been a major constraint to say the least. For the Eighth Five Year Plan, the Secretary of Power recently estimated a requirement of approximately Rs. 106,000 crore to cover generation and transmission/distribution schemes in progress and to be started. However, budgetary allocations, multi-lateral and bilateral funds for projects scheduled for the Eighth Plan were estimated at approximately Rs. 82,000 crore. The funding shortfall will undoubtedly continue to impede the development of important projects in both the generation and transmission/distribution areas.