



# PRESS RELEASE

DEPARTMENT OF EXTERNAL AFFAIRS  
OTTAWA - CANADA

NO. 44

FOR RELEASE AT 7:30 P.M. EDT,  
THURSDAY, JUNE 28, 1956

THE DEPARTMENT OF EXTERNAL AFFAIRS ANNOUNCED TODAY THAT THE CANADIAN GOVERNMENT WILL PROVIDE ASSISTANCE TO INDIA UNDER THE COLOMBO PLAN TO HELP FINANCE THE CONSTRUCTION OF A NEW HYDRO-ELECTRIC PROJECT ON THE KUNDAH RIVER IN THE STATE OF MADRAS. NEGOTIATIONS ARE CURRENTLY TAKING PLACE BETWEEN THE TWO GOVERNMENTS AND IT IS EXPECTED THAT AN INTERGOVERNMENTAL AGREEMENT RECORDING THESE UNDERSTANDINGS WILL SHORTLY BE SIGNED IN NEWDELHI. IN THE MEANTIME WORK WILL GET UNDER WAY AT THE SITE WHEN THE PROJECT IS FORMALLY INAUGURATED AT A CEREMONY TO BE HELD ON JUNE 29.

THIS PROJECT WHICH IS INCLUDED IN THE SECOND FIVE YEAR PLAN IS DESIGNED TO PROVIDE URGENTLY REQUIRED POWER FOR THE GROWING NEEDS OF THE STATE OF MADRAS. THE DEMAND FOR POWER IN THIS PART OF INDIA HAS BEEN INCREASING RAPIDLY IN BOTH THE INDUSTRIAL AND AGRICULTURAL SECTORS. IT IS EXPECTED THAT THE FIRST STAGE OF THE PROJECT WHICH WILL BE COMPLETED IN 1960 WILL ADD 145,000 KILOWATTS TO THE ELECTRICITY RESOURCES OF THE STATE, THEREBY HELPING TO IMPROVE SUBSTANTIALLY THE STANDARDS OF LIVING AND REDUCE THE THREAT OF FAMINE FROM DROUGHT.

THE FIRST STAGE CALLS FOR THE CONSTRUCTION OF THREE DAMS ON THE ADJACENT EMERALD, AVALANCE AND UPPER BHAVANI RIVERS AND TWO POWER PLANTS ON THE KUNDAH RIVER ITSELF.

CANADA'S CONTRIBUTION TO THE COOPERATIVE ENDEAVOUR WILL COVER THE EXTERNAL COSTS UP TO A MAXIMUM OF \$20-MILLION. IT WILL INCLUDE THE PROVISION OF TURBINES AND GENERATORS AND OTHER POWER HOUSE EQUIPMENT, SUBSTATION AND TRANSMISSION EQUIPMENT FOR THE TRANSMISSION LINE AND SPECIFIED MATERIALS AND CONSTRUCTION EQUIPMENT FOR THE CIVIL WORKS. IN SOME INSTANCES, WHEN PRACTICABLE, SOME OF THE EQUIPMENT MAY BE FABRICATED IN INDIA AT INDIAN EXPENSE FROM MATERIALS SUPPLIED FROM CANADA. CANADA WILL ALSO PROVIDE THE SERVICES OF CANADIAN CONSULTING ENGINEERS TO SUPERVISE CERTAIN ASPECTS OF THE WORK AND ASSIST THE INDIAN DEPARTMENT OF ELECTRICITY IN THE EXECUTION OF THE PROJECT.

INDIA WILL BE RESPONSIBLE FOR THE CONSTRUCTION OF ALL CIVIL WORKS, THE PROVISION OF LABOUR AND LOCAL MATERIALS, AND THE SUPPLY OF HOUSING, ROADS AND OTHER FACILITIES AT THE SITE. TO HELP INDIA MEET THE LOCAL COSTS OF THIS PROJECT CANADA HAS AGREED TO THE USE OF COUNTERPART FUNDS AVAILABLE IN RUPEES, RESULTING FROM CANADIAN AID TO INDIA UNDER THE COLOMBO PLAN.