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PRIORITY FOR POWER

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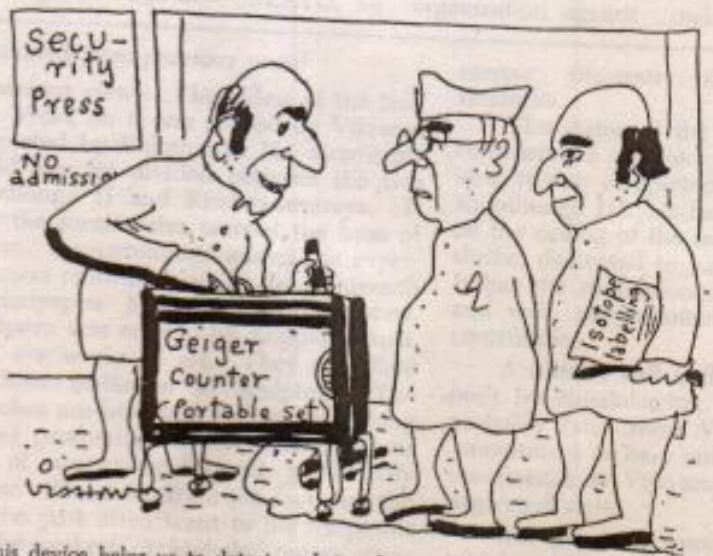
IT IS A truism that the future development of the country depends on the rapid growth of power generation and its efficient management. It is a vital input for agriculture and the transformation of rural society into a modern economy rests on the increasing use of electricity for irrigation, food processing and preservation, agro and small-scale industries, domestic lighting and so forth. Key industries like fertilizers, chemicals and petrochemicals, aluminium, etc., which are indispensable to faster development are power-intensive and need large blocks at comparatively low costs. The dependence of transport and communications on power is growing rapidly. The travails which the community passed through during the power shortage last year should not be forgotten because of the temporary ease in the situation in the current year.

The installed capacity in 1951 at the beginning of the First Plan was 2.3 million kW. The First Plan targeted for an increase of 1.3 million kW and achieved 1.1 million kW, thus fulfilling 85 per cent of the target. The Second Plan programmed for an increase of 3.5 million kW, but added only 2.25 million kW, performing 64 per cent of the target. The Third Plan envisaged an increase of 7.04 million kW but ended with an addition of 4.52 million kW, maintaining 64 per cent performance of the target. Passing over the three annual plans from 1966 to 1969, it may be noted that while the goal set for the Fourth Plan was an addition of 9.26 million kW, the achievement was only 4.58 million kW, hardly 50 per cent of the target. The net effect of successive shortfalls is that instead of reaching a generation capacity of 28.83 million kW at the end of the Fourth Plan period, according to the targets, our power production stood at a poor 18.87 million kW; causing untold misery to the community in general and industry, labour and agriculture, in particular.

The draft Fifth Plan has estimated the generation requirements of the country in 1978-79 at 130,000 million kWh (kilo-Watt-hour) to supply which an installed capacity of 33 million kW will be required. The Planning Commission has assumed that one kW of installed capacity will generate about 4,000 kWh (kilo-Watt-hour)

which has not been sustained by past experience. While in Western countries, the average generation exceeds 6,000 kWh from one kW installed, our record shows that our power production has degenerated from 4,000 kWh in 1960s to around 3,000 kWh. Thus, advanced countries generate double the quantity of power from the same installed capacity, or, in other words at half of our cost per unit. On the basis of 3,000 kWh per kW, 33 million kW will not suffice to meet the estimated demand of 130,000 million kW. The Draft Fifth Plan, taking into account the need to replace obsolescent capacity, proposes to add 16.55 million kW of new generating capacity by the last quarter of 1978-79 and has provided Rs 3,323.81 crores for the purpose. It will be noted that with comparatively less inflation in the earlier years of the Fourth Plan, it had cost Rs 1,555 crores to install 4.58 million kW of generating capacity. It is not clear how 16.55 million kW of generating capacity can be installed at a cost of Rs 3,324 crores. The financial provisions will have to be increased by at least 50 per cent, for which resources are not in sight or the physical targets will have to be pruned steeply. Furthermore, money is not the major constraint on the completion of projects. Physical shortages of materials like cement, steel, equipment, etc., and delays in civil works have, in the past, been the more important causes for the delay in the achievement of the targets. In order to reach the target of 16.55 million kW, it is necessary to add, on an average, 3.3 million kW of installed capacity per annum. No doubt, in the early years, the additions will be less but it should be compensated by larger capacities in later years. It is not clear whether an exercise in evaluation of the annual capacity in terms of materials, equipment, civil works, etc., has been made year-wise for achieving the targets. Past experience shows that during the Third and the Fourth Plans, the average annual addition to installed capacity was only 0.91 million kW. In the face of such performance, the goal of adding 3.3 m. kW annually appears to be farther from the realm of practical possibilities and nearer speculation. Making due allowances for the growth in our plant capacity, availability of materials like cement and steel and improvement in construction technology, one may place the annual addition to the generating capacity at no higher than 2 million kW, though 1.5 million kW per annum may be nearer reality.

It appears from the foregoing analysis that the financial provision of Rs 3,324 crores for adding 16.55 million kW is totally unrealistic. Even assuming the adequacy of the financial provision the physical capacity to add 3.3 million kW of generating capacity per annum does not exist in the country. One of the consequences of planning physical targets without necessary financial allocations or planning too ambitious physical targets is that many projects get started and none get completed, thereby inflating the cost of projects and accentuating power shortage. It will be wiser therefore, to take upon hand projects which can be completed in the shortest possible time and strengthen the national grid so that power may be available throughout the country. On account of the easier power position, the generating sets acquired by industrial units during the acute power shortage of the past, are now standing idle. It is not economic to operate them because of the prohibitive cost of fuel. In order to augment the power supply in the country, it may be advisable to encourage the full utilization of the generating sets by offering incentives by way of cheaper fuel, excise rebate for the use of own generation etc. If the present situation leads to complacency, the country will be obliged to pay a dear price in future.



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