



EDITORIAL

Stimulus for Power Sector

The Central Electricity Regulatory Commission has announced a package of incentives for the Power Sector, with the 'base rate of return on investment' raised from the recent 14% to 15.5%. The enhanced rate will come into effect from 1st April 2009 and will be effective for the next five years.

Though the economic meltdown has caused an immediate impact on export sensitive sectors like software, textiles, gems and jewellery resulting in negative growth, the electrical industry has not been affected severely and is still showing a growth of about 8% for the period April-December 2008 as compared to similar period of the last year.

However, the negative sentiments about the global economy have also percolated in our sector and the fear of slowdown is seeping in. It is true that the picture is not very rosy and some sectors are already showing signs of weakness. For example, the low tension products are impacted more since the realty sector has been performing below expectations. The industrial products are also showing slower growth as the investments in infrastructure and industrial sectors are delayed with hardly any new orders and deliveries are being differed where orders are already placed. We are also experiencing a slowdown in low voltage power equipment though the high voltage segment continues to show reasonable growth.

Unlike many other sectors, power sector depends largely on Government spending and we are happy to note that the Government is keen on continuing investments in the sector and even providing additional impetus through an incentive package, if necessary.

We believe, with the strong support from the Government, the electrical industry will be able to tide over the present difficult period. We will have to hold on for a while.



Sunil More

