



EDITORIAL

Import of Power Equipment from China

It was timely and welcome action from our Honourable Minister for Heavy Industries, Mr Vilasrao Deshmukh of recommending to the Finance Ministry, imposition of safeguard duty on import of Chinese Power Equipment.

It is true that imports would take place in the open globalised economic environment of the day. However, we believe that these should not be at the expense of the Indian industry, particularly when the industry in China, enjoys advantage in terms of inputs, taxes and duties as well as hidden subsidies extended to the Chinese manufacturers.

On the other hand, the Indian electrical industry is not averse to such competition provided that the playing field remains level. In fact, in view of the expansion of the power sector by the Government of India, Indian power equipment manufacturers have been significantly expanding their capacities, particularly in the transmission and distribution domain ensuring that the entire requirement of the manufacturing capacities needed for the 11th and 12th Plan periods are in place.

It may be a short-sighted decision to import equipment from new sources, particularly when the experience of successful operation of such equipment is almost zero. It would not be out of place to mention here the unpleasant experience of an earlier import of Chinese energy meters by one of the utilities, where the failure rate of such meters was alarmingly high.

We therefore feel that the utilities should be more cautious in procuring such equipment, which has not been used in India, where the power scenario is unique with outages, losses, thefts and frequency variations as well as excess drawal of power than the allotted quota, which puts tremendous loads on the transmission and distribution networks and generating stations.

It is in this context that the Honourable Minister for Heavy Industries has recommended imposition of import duty on Chinese equipment. We express our gratitude to him for taking such a bold step and recommending imposition of safeguard duty.

Sunil More

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