

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1760
ANSWERED ON:03.08.2000
SCHEME FOR RECOVERING DEBTS
JAYABEN B. THAKKAR

Will the Minister of POWER be pleased to state:

(a) whether the Cabinet Committee on Economic Affairs (CCEA) approved a scheme for recovery of outstanding debts of State Electricity Boards (SEBs) to Central Public Sector Undertakings including the National Thermal Power Corporation (NTPC) and Coal India Limited (CIL) on July 31, 2000; and

(b) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b): Government have recently approved a scheme for securitisation of the dues of the State Electricity Boards (SEBs) towards the CPSUs of the Ministry of Power and Department of Coal. Under this scheme, the concerned SEBs would issue bonds to the CPSUs of the Ministry of Power and the Department of Coal to cover the Principle amount due upto 31.12.1999 or any other mutually accepted date. The other salient features of the schemes are as under:-

(i) The bonds would be backed by a State Government's guarantee with specific allocations to be made in the concerned State Government's Budget for servicing the bonds in the event of the SEBs being unable to do so.

(ii) By way of further comfort to the bond holder, the Central Government would undertake to use the existing authorisation to deduct upto 15% of Central Plan allocations of the State concerned for the purpose of redemption of bonds if the State Government is unable to meet the guarantee obligation.

(iii) The bonds will have tax-free status.

(iv) With the above features, the bonds are expected to be tradable in the secondary market and the Central PSUs would have the option to recover their money by selling the bonds in the secondary market.

(v) The above facility of issue of guaranteed tax-free bonds by the SEBs will be available only to those SEBs/State Governments who agree to implement a suitable reform package including payment of current dues by the SEB and opening of Letter of Credit to the extent of 105% of the current dues; adhering to milestones of reforms formulated by the Minister of Power and the setting up of the State Electricity Regulatory Commission quickly in the concerned States etc.