

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:333
ANSWERED ON:17.04.2000
LOSSES TO SEBS
M.A. KHARABELA SWAIN

Will the Minister of POWER be pleased to state:

- (a) the quantum of loss sustained by the Electricity Boards as on date through out the country;
- (b) the major factors leading to such losses;
- (c) the factors of subsidy and cross subsidisation to agriculture sector; and
- (d) the steps proposed to be taken by the Government to arrest such losses?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO.333 TO BE ANSWERED IN THE LOK SABHA ON 17.4.2000 REGARDING LOSSES TO SEBS.

(a) : The annual commercial losses (without subsidies) of the SEBs in the country have increased from Rs.1565 crore in 1985-86 to Rs.10684 crore in 1997-98. It is increasing year by year.

(b) : The major factors for the losses of SEBs are theft and pilferage, high T&D losses and unsustainable cross subsidy leading to large gap between cost of supply and revenue collection. In some states the efficiency of thermal plants is also low.

(c) : As per Section 59 of Electricity (Supply) Act, 1948, tariff of various categories of consumers is to be fixed by the SEBs under the overall guidance of the respective State Government and the factors of subsidy and cross subsidisation to agriculture sector would depend upon the policy in vogue of the respective State Government at the time of fixation of tariff. Conference of Chief Ministers held in 1996 resolved that cross subsidization between categories of consumers may be allowed by State Electricity Regulatory Commissions. No sector shall, however, pay less than 50% of the average cost of supply (cost of generation plus transmission and distribution). Tariffs for agricultural sector will not be less than fifty paise per Kwh to be brought to 50% of the average cost in not more than three years. However, only states of Assam, Delhi, Haryana, Himachal Pradesh, Karnataka, Kerala, Meghalaya, Orissa had agriculture tariff of more than 50 paise per unit in 1998-99. For the year 1997-98, as per the annual accounts of 16 SEBs, the ratio of average realisation from agricultural sector to the average cost of supply was 0.10 as against the corresponding ratios of 1.40 and 1.42 for commercial and industrial sectors respectively.

(d) : Government of India has taken a proactive role in reforming State Electricity Boards so that they function on commercial lines. Power Ministers Conference held on 26.2.2000 resolved that reform must be undertaken with determination, vigor and a sense of urgency. The key elements of the Reforms Strategy are:-

- i. Energy Audit at all levels;
- ii. Time bound programme of 100% metering of all consumers by December, 2001.
- iii. Reduction and finally, elimination of power theft within a specified time frame.
- iv. Strengthening/upgradation of sub-transmission and distribution system by taking sub-station as a limit on a priority basis.

If above, appears unattainable in the existing Act, Corporatisation/Co-privatisation/Privatisation of distribution would have to be undertaken.