

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:912
ANSWERED ON:22.11.2001
CONTROVERSIES LIKE DPC AND CESCO
IQBAL AHMED SARADGI

Will the Minister of POWER be pleased to state:

- (a) whether in a bid to restrict the controversies like Dabhol Power Corporation and CESCO, the Government has announced that it is likely to restructure all the 450 power circles and invest Rs.4,500 crore for strengthening the power distribution system during this fiscal;
- (b) if so, the main proposals that have been announced;
- (c) to extent to which these projects are like to help in strengthening the power distribution system;
- (d) whether the World Bank has urged the Union Government to play a pivotal role in creating a conducive environment for power sector reforms; and
- (e) if so, the reaction of the Union Government thereto?

Answer

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

(a) to (e) : The Government of India has launched Accelerated Power Development Programme (APDP) with the objective of providing systematic financing for renovation & modernization and life extension of old generating stations and upgradation of Sub-transmission & Distribution network in the country for financial turn around in the performance of the State Electricity Boards (SEBs). Under APDP special category States get 100% for the project cost in the ratio of 90% grant and 10% central loan; whereas, 50% of the project cost for non-special category States is met under APDP in the form of half grant and half loan. The balance 50% of the project cost is provided as loan by Financial Institutions. Under the APDP programme, the upgradation of Sub-transmission and Distribution system is being taken up in 63 distribution circles. The remaining distribution circles will be taken up during the 10th Plan (2000-2007). Part of the funding will be provided under the APDP and the remaining loan amount will be provided for specific projects by financial institutions.

The implementation of APDP will improve the commercial viability of the power sector and help in attracting investment in generation, transmission and distribution.