

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:174

ANSWERED ON:14.03.2002

POWER REFORM

SAHIB SINGH VERMA;SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of POWER be pleased to state:

(a) the indicators of power reforms;

(b) whether these reforms have improved or worsen the situation of the power in the country in terms of growth rate of energy consumption, to increase in availability of energy, projected energy consumption growth per capita consumption technical losses from generation to transmission and distribution, average length of distribution lines per Mega Watt of demand, pilferage of electricity, power tariff plant load factors of Thermal Power Stations, Energisation of the pumping sets and electrification of villages and gross peak demand against installed capacity; and

(c) the manner in which these above indicators varied during the last three years and expected to be during the next three years?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) STARRED QUESTION NO. 174 TO BE ANSWERED IN TI LOK SABHA ON 14.03.2002 REGARDING POWER REFORM.

(a) to (c): The average Plant Load Factor (PLF) increased from 55.3% in 1991- 92 to 69% in 2000-01. The plant availability has improved from 72.8% in 1991-92 to 80.3% in 1999-00. The per capita consumption of electricity in India increased from 178 Kwh in 1985-86 to 360 Kwh in 1998-99 registering an annual growth rate of 6.5%.

However, in this period the financial health of the State Electricity Boards (SEBs) has deteriorated sharply. The gap between average cost of supply and average tariff has increased from the level of 28 paise per Kwh in 1991-92 to 92 paise in 2000-01. Besides technical losses, T&D losses also include commercial and unaccounted losses caused by theft of energy. In the absence of metering of all consumers and effective energy audit the reported figures of T&D losses were not accurate in most States. With transparency required by the State Electricity Regulatory Commission, the T&D losses have now been more accurately assessed.

The Ministry of Power, after wide ranging consultations with all stakeholders namely State Governments, State Electricity Boards, utilities, experts, trade unions, private investors and political leaders, has evolved a comprehensive and detailed Action Plan for turning around the power sector. The broad strategy for this purpose was formulated in a Conference of Chief Ministers/Power Ministers taken by the Prime Minister on 3rd March, 2001. Based on this strategy which recognizes that the real problem of management and challenge in the power sector reforms lies in distribution, a concrete action plan has been finalized.

Based on the resolution of the Chief Ministers Conference, an Expert Group to recommend a one time settlement of past dues of SEBs, has submitted its report and this has been accepted by the High Level Empowered Group which includes Chief Ministers of some states. With the implementation of this report, the SEBs/Utilities would have a clean balance sheet free from the burden of past dues to CPSUs. They should be able to move towards attaining financial health and fulfil the resolution of the Chief Ministers Conference of achieving commercial viability in distribution in two to three years.

To tackle the technical problems of distribution, the Government of India has stepped in to assist the States under the new Accelerated Power Development Programme (APDP). In the first phase of this programme, 63 distribution circles in the States have been taken up for intensive upgradation. Under this programme, the Govt. of India had released Rs.1000 crores during 2000-01. The budget proposal for the year 2002-03 provides for an enhanced plan allocation of Rs.3,500 crores for the Accelerated Power Development and Reform Programme (APDRP) where funds would be provided for both investment as well as transition financing needs, linked to satisfactory performance with respect to agreed reform milestones.

To support the reform efforts of all the States, the Centre is entering into MOUs with the states. In the MOUs which have been signed with 20 States so far, the concerned States have committed to achieve milestones for reforming the power sector. The milestones include setting up of the State Electricity Regulatory Commission, timely payment of subsidies, metering of all 11 KV feeders, 100% metering of consumers, energy audit, reduction of technical and commercial losses etc. Government of India has committed its support through additional allocation of power from Central Generating Stations, assistance for development of transmission system

and financial assistance.

For the Tenth Plan period the Working Group on Power has worked out a capacity addition program of approximately 47,000 MW. Chief Ministers of States have been requested to make suitable plan provisions for these. With the provision of adequate Plan funds and close monitoring, performance in capacity addition in the Tenth Plan is expected to show considerable improvement. Renovation and Modernization of existing plants is being given priority. With the other measures for reducing technical losses in distribution and demand side management through energy efficiency and energy conservation it should be possible to make the country free of power shortages in a definite time frame.

Rural electrification has now been included under Prime Minister's Gramodaya Yojana (PMGY) from the year 2001-02 as a Basic Minimum Service, under which an allocation of Rs.41859.90 lakhs has been made by the States. Considering the fact that SEBs find it difficult to service debt, the budget proposal for the year 2002-03 provides for introduction of a new interest subsidy scheme called the Accelerated Rural Electrification Programme. An outlay of Rs.164 crore has been provided for this scheme in 2002-03.

The forward-looking, reform-oriented Electricity Bill 2001 has been introduced in the last session of Parliament. The Bill, inter-alia, contains stringent provisions for penalty in case of power thefts. The Bill also includes provision for reduction of cross subsidies, and for payment of subsidies up front by the State Governments to the State Power Utilities where such subsidies are considered unavoidable.

It is expected that the action plan outlined in the previous paragraphs would lead to improvement in the operational and financial performance of the State Electricity Boards.