

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:2959  
ANSWERED ON:21.03.2002  
PRIVATISATION OF POWER SECTOR  
ANANTA NAYAK

**Will the Minister of POWER be pleased to state:**

- (a) the States where power sector has been privatized;
- (b) whether any review has been made on the working of power sector after privatisation;
- (c) if so, whether the privatisation has achieved success in the power sector in those States; and
- (d) if not, the reform measures proposed to be adopted by the Government to bring about improvement in power sector?

**Answer**

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

(a) to (d) : Private distribution companies are operating successfully in Mumbai, Kolkata, Ahmedabad and Surat for a long time.

Orissa has privatized distribution by disinvesting 51% shareholding and one generating company by disinvesting 49% shareholding in 1999. Uttar Pradesh entrusted responsibility for distribution of a joint venture distribution company in Greater Noida in 1993.

Since initiation of reforms/restructuring and privatisation in Orissa, improvements have been reported in terms of reduction of T&D losses, increase in collection efficiency, metering etc. The distribution companies have reported reduction of T&D losses, reduction of financial losses from Rs. 286 crores to Rs. 191 crores during the same period. Metering has increased from 30% at the time of take over to about 80% by the end of 2001-02. However, the overall health of the sector has not recovered fully. The Government of Orissa appointed a High Power Committee to review the ongoing power sector reforms in the State. The Committee submitted its report to the Government of Orissa in November, 2001 indicating steps that would contribute towards the solution of the problem and difficulties being experienced during transition.

The Government of India has been encouraging States to undertake reforms so as to improve the financial health of the power sector. A Conference of Chief Ministers/Power Ministers was organized in March, 2001 which recognized that the real problem of management and challenge of reforms lies in the distribution sector. It was resolved inter alia to undertake full metering of all consumers, energy audit at all 11 KV feeders, develop an effective Management Information System (MIS), launch an effective programme for identifying and eliminating theft, achieve commercial viability in distribution in 2-3 years through measures like creation of profit centres, handing over of local distribution to panchayats/local bodies/franchisees/users associations, privatisation of distribution etc.

The Government of India has signed Memorandum of Understanding(MoU) with twenty States. The MoUs are a joint commitment of the Centre and the States to undertake reforms in a time bound manner. The State Governments` commitment in these MoUs include constitution/operationalisation of SERCs, 100 % metering of 11 KV feeders and all consumers, energy audit, reduction of technical and commercial losses, achievement of commercial viability in distribution etc. Government of India has committed its support through additional allocation of power from Central Generating Stations and financial assistance through Accelerated Power Development Programme (APDP) for strengthening of sub-transmission and distribution as well as for renovation and modernisation of thermal and hydel power plants.