

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3559
ANSWERED ON:25.08.2006
RURAL ELECTRIFICATION
Patel Shri Kishanbhai Vestabhai;Singh Shri Sugrib

Will the Minister of POWER be pleased to state:

- (a) whether the Government proposes to formulate a Rural Electrification Policy for speedy rural electrification in the country;
- (b) if so, the salient features thereof;
- (c) whether Rural Electrification Corporation, Power Grid Corporation and National Hydroelectric Power Corporation have signed any MoU to boost rural electrification in the country;
- (d) if so, the terms and conditions thereof;
- (e) the number of villages likely to be benefited by such agreements, State-wise;
- (f) the total investment involved therein; and
- (g) the progress made so far in implementation of each of such agreements?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : In compliance with Sections 4 & 5 of the Electricity Act, 2003, Central Government has notified Rural Electrification Policy on 23.08.2006. The salient features are at Annexure-I.

(c) : Yes, Sir. Rural Electrification Corporation Limited (REC) has signed Memorandum of Understandings (MOUs) with Power Grid Corporation of India Limited (PGCIL), National Hydro Electric Power Corporation Limited (NHPC), National Thermal Power Corporation

(NTPC) & Damodar Valley Corporation (DVC) to make available their project management expertise & capabilities to the States wishing to use their services under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). State-wise details regarding allocation of work among Central Public Sector Undertakings (CPSUs) are at Annexure-II.

(d) : The detailed terms & conditions of an MOU signed between REC and a CPSU are as below : -

- The CPSU formulates, develops and implements the project in an identified area involving system planning, design, engineering (in accordance with REC's Guidelines, Specifications and Construction Standards wherever applicable) and procurement in accordance with agreed competitive bidding procedures.

- The CPSU establishes a suitable organizational structure for implementation of the project.

- The CPSU undertakes the project on deposit work basis (in suitable instalments).

- The project is proposed to be implemented in a time bound manner and the project so implemented is proposed to be taken over immediately after its completion by the concerned State Government / State Power Utility, who is then responsible for proper operation and maintenance thereafter.

- If the State Government / State Power Utility so desire, the CPSU may consider taking up operation and maintenance of the completed project. If the State Government so desires, the role of CPSU may be limited to project monitoring and supervision of quality of work during construction or formulation and preparation of project report.

- Funds for the execution of project is released by REC directly to the implementing CPSU including service charges as per agreement.

- Separate account for development and implementation of the project to be maintained by the CPSU.

- CPSU is entitled to service charge of 12% of project cost on pro-rata basis and the same are to be included in the project cost.
- Service charges payable to the CPSU to be 2% of the project cost on pro-rata basis for `Project monitoring and supervision of quality of works during construction`.
- Service charges payable to the CPSU to be 5% of the project cost on pro-rata basis for formulation and preparation of project reports arranging project approvals, providing advisory support during procurement, if required and project monitoring and supervision of quality of works during construction
- Additional statutory taxes payable by CPSU to be reimbursed.

(e) & (f) : So far these four CPSUs have been entrusted with the work of 58 projects for 56 districts covering electrification of 30,237 un-electrified villages under Rajiv Gandhi Grameen Vidyutikaran Yojana at the cost of Rs.3737.76 crore. District-wise number of villages to be electrified by these CPSUs are given at Annexure-III.

(g) : CPSUs have reported creation of electricity infrastructure in 4498 villages

(out of 15,572 villages reported electrified under RGGVY) as on 18-8-2006.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF UNSTARRED QUESTION NO. 3559 TO BE ANSWERED IN THE LOK SABHA ON 25.08.2006.

1. Grid connectivity is the normal way of electrification of villages. For villages/ habitations where grid connectivity is not feasible or not cost effective, off-grid solutions based on standalone systems are envisaged.
2. State Governments are required to prepare and notify rural electrification plans within six months which will indicate the electrification delivery mechanisms so as to provide access to electricity to all households and electrification of all villages and hamlets.
3. Ministry of Power will put in place a coordination mechanism for identifying villages to be covered in different schemes.
4. District Committees are to be set up to ensure involvement of local community in rural electrification. Adequate representation of women in these Committees is to be ensured.
5. Least cost option is to be adopted for rural electrification after taking into account full life cycle cost and explicit as well as implicit subsidies.
6. Emphasis has been given on development of economic load to make the business of rural supply economically viable.
7. RGGVY already mandates franchisee for the projects financed under the scheme. System of franchisees is to be introduced in other areas not covered under RGGVY also in phased manner to ensure revenue sustainability of the rural supply.
8. Benefit of capital subsidy given to the rural electrification projects is to be fully passed on to the consumers.
9. Annuity based approach has to be adopted for provision of capital subsidy to the decentralized generation system in order to ensure efficient operation and maintenance.
10. Programmes for encouraging energy efficient equipments specially irrigation pump sets have to be taken up.
11. The definition of rural area as laid down in Article 243 of the Constitution is being adopted for the purpose of the Electricity Act also.
12. The tariff for sale of electricity by the standalone systems is to be decided by the competitive market forces. However, the benefit of financial assistance/ capital subsidy received from the Government is to be fully passed on to the consumers according to the guidelines made by the Appropriate Commission. The Appropriate Electricity Regulatory Commission shall have right to intervene in case these guidelines are not implemented.
13. There is special enabling dispensation for encouraging standalone systems of upto one MW which are based on cost-effective proven technologies and use locally available resources.
14. Policy gives essential features of the franchisee arrangement for local management of rural distribution.
15. As far as possible the franchisee is to be selected on the basis of competitive bidding.
16. The franchisee is required to ensure compliance with safety regulations and also to ensure delivery of services to the consumer as per laid down benchmarks.

ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF UNSTARRED QUESTION NO. 3559 TO BE ANSWERED IN THE LOK

SABHA ON 25.08.2006.

CPSU DISTRICTS
State Total PGCIL NTPC NHPC DVC Total
Districts

J&K 14 7 7

Rajasthan 32 7 7

Uttar Pradesh 70 8 8

Chattishgarh 16 4 5 7 16

Gujarat 25 2 2

Madhya Pradesh 48 4 4

Bihar 37 24 6 30

Jharkhand 22 8 8 16

Orissa 30 12 12 6 30

West Bengal 18 2 1 1 1 4

Assam 23 7 7

Tripura 4 2 2

Lakshadweep 1 1

Total 295 68 30 27 9 134

2 blocks

ANNEXURE-III

ANNEXURE REFERRED TO IN REPLY TO PARTS (e) & (f) OF UNSTARRED QUESTION NO. 3559 TO BE ANSWERED IN THE LOK SABHA ON 25.08.2006.

CPSU-wise and State-wise Details of Projects under Rajiv Gandhi Grameen Vidyutikaran Yojana

Sr.No	Name of CPSU	Name of State	No. of projects covered	No. of districts electrified	No. of un- Project Cost covered	Sanctioned	Cumulative Sanctioned	Achievement
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covered

1 2 3 4 5 6 7 8

1 POWERGRID Bihar 19 20 13131 1162.04 2582
Uttar Pr. 10 8 6434 952.83 1265
West Bengal 2 2 2327 199.59 225
Gujarat 2 2 32.16
Rajasthan 2 2 281 79.24
Assam 1 1 230 66.27
Total 36 35 22403 2492.13 4072

2 NHPC Bihar 6 6 2803 233.50
West Bengal 1 1 467 47.10 149
Chhattisgarh 2 2 117 101.46
Total 9 9 3387 382.06 149

3 NTPC
West Bengal 1 2 blocks 225 20.30 61
Chhattisgarh 3 3 63 47.49
MP 2 2 72 213.92
Jharkhand 1 1 1295 96.99
Orissa 2 2 1253 227.28
Total 9 8 2908 605.98 61

4 DVC
West Bengal 1 1 807 77.71 216
Jharkhand 3 3 732 179.88
Total 4 4 1539 257.59 216

Total (CPSUs) 58 56 30237 3737.76 4498