

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3580

ANSWERED ON:27.04.2007

RESTRUCTURING OF APDRP

Maharia Shri Subhash;Mahtab Shri Bhartruhari;Majhi Shri Parsuram;Oram Shri Jual

Will the Minister of POWER be pleased to state:

- (a) whether the Accelerated Power Development and Reforms Programme (APDRP) was designed to encourage reforms in the Electricity distribution and reduction in Transmission and Distribution losses;
- (b) if so, whether the total disbursement under the APDRP is much below the expectation and most of the disbursement is of the investment component;
- (c) if so, the reaction of the Government thereto;
- (d) whether the projects approved under APDRP are said to have a pay back between 10 months to four years with average pay back of 18 months;
- (e) if so, whether this is far from ground reality as any projects are still under construction even after five years;
- (f) if so, whether keeping in view the hurdles in APDRP and not achieving the desired results, the Government proposes to restructure APDRP in the Eleventh Five Year Plan; and
- (g) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a): Yes, Sir. The Accelerated Power Development and Reforms Programme (APDRP) was launched in the year 2002-03 with the objective of encouraging reforms and of reduction in Aggregate Technical and Commercial (AT&C) losses, improving quality of supply of power and improving consumer satisfaction.

(b) & (c): Government approved an outlay of Additional Central Assistance of Rs. 40,000 Crore during Xth Plan, out of which Rs. 20,000 Crore was allocation under Investment component (Grant + Loan) and Rs. 20,000 Crore (Grant) under Incentive component under APDRP. However, the actual level of funding in APDRP is through budgetary support on yearly basis and based on the need, utilization and availability of funds. Under Investment Component, 571 projects were sanctioned with an estimated outlay of Rs. 17033.58 Crore involving APDRP grant component of Rs. 6445.84 Crore and loan component of Rs. 2274.23 Crore. The balance amount was to be raised by States from financial institutions. The Government has so far released Rs. 6941.01 Crore to States under the investment component. Under the incentive component, States became eligible for an incentive amount of Rs. 2627.30 crore, out of which an amount of Rs.1749.03 Crore has been released to nine States, and the remaining amount of Rs. 878.27 Crore is to be released to the eligible States by the Ministry of Finance.

The main reasons for low disbursement of funds under APDRP are:

(i) The scheme envisaged the progressive release of funds based on the progress of the sanctioned projects. The progress of project execution was slow due to delay in awarding the contracts by utilities; delay in supply of equipments due to increased demand; poor response from the contractors; delay in transfer of fund to the utilities by the states; heavy quantum of work which utilities were not geared up to handle; Non-adoption of turnkey contract system by many utilities.

(ii) Only a few states could achieve cash loss reduction to become eligible for grant under incentive component of APDRP.

(iii) As the programme was reform oriented, States were to sign Memorandum of Agreement (MOA) for adopting administrative, technical and commercial activities and improvement in Utility and town level benchmark parameters to become eligible for APDRP fund. Many states took considerable time in signing the MOA.

(d) & (e) : The payback period of approved projects under APDRP varies from less than one year to four years. The reasons stated in part (b) & (c) above resulted in slow progress in completion of some projects.

(f) & (g) : In view of the recommendations/suggestions of the various stakeholders, APDRP is proposed to be continued during the Xth Plan with the revised terms and conditions to make the programme more effective.