

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1029
ANSWERED ON:07.12.2004
REVIEW OF WORKING OF POWER SECTOR
Singh Shri Sugrib

Will the Minister of POWER be pleased to state:

- (a) whether the Government has reviewed the working of power sector in the country;
- (b) if so, whether any deficiency has been revealed from the review;
- (c) if so, the reasons therefor; and
- (d) the steps taken by the government to plug the loopholes and to improve the performance of power sector?

Answer

THE MINISTER OF POWER (SHRI P.M. SAYEED)

(a) to (d): The review of the working of the power sector is an ongoing exercise. Power shortages, weak financial position of the utilities due to high Aggregate Technical & Commercial (ATC) losses and distortion in the tariff structure are major problems.

A number of steps have been taken by Government of India to improve the performance of the power sector. To augment the availability of power 10th Plan envisages a capacity addition of 41110 MW. To revive the poor financial health of SEBs/Power Utilities the Ministry of Power has signed Memorandum of Agreement (MoA) with States on power sector reform envisaging support of Central Government subject to States progressing satisfactorily on agreed reform agenda. Funds are provided to States under Accelerated Power Development and Reforms Programme (APDRP) for investment in identified distribution areas for, inter alia, reducing technical losses and improving the quality of supply and also for incentivising, through grants, reduction of cash losses. Past debts of SEBs due to Central Public Sector Undertakings have been securitized under tripartite agreements.

The Electricity Act, 2003 creates a liberal framework for development of the power sector and reduces the entry barrier in different segments of power supply industry. This is expected to encourage competition and in turn efficiency improvements. It also provides for stringent measures for dealing with theft of electricity.

Tariffs for retail sale are required to be determined by State Regulatory Commissions in accordance with provisions of the Electricity Act, 2003 after hearing the views of all the stake-holders including generating companies/utilities and consumers in a transparent manner.