

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:410
ANSWERED ON:23.04.2010
LOSSES OF DISTRIBUTION UTILITIES
Rao Shri Nama Nageswara

Will the Minister of POWER be pleased to state:

- (a) whether the power distribution utilities in the country are incurring heavy financial losses;
- (b) if so, the details thereof;
- (c) whether the Government has taken steps to identify the deficiencies of these distribution utilities and improve their financial health; and
- (d) if so, the details thereof along with the achievements made so far in reducing the deficiencies and losses of these utilities in the country including Andhra Pradesh, State-wise?

Answer

THE MINISTER OF POWER(SHRI SUSHILKUMAR SHINDE)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 410 TO BE ANSWERED IN THE LOK SABHA ON 23.04.2010 REGARDING LOSSES OF DISTRIBUTION UTILITIES.

(a) & (b) : As per the 6th 'Report on Performance of State Power Utilities' published by Power Finance Corporation, the Profit/(Loss) on accrual basis for utilities selling directly to the consumers were Rs.8,681 crore in 2005-06(with subsidy), Rs.14,333 crore(with subsidy) in 2006-07 and Rs.14,716 crore in 2007-08 (with subsidy). The utility-wise details of the same are given in Annex-I.

(c) & (d) : The high financial losses incurred by distribution utilities are mainly attributable to high Aggregate Technical & Commercial (AT&C) losses in the system. The prime responsibility for improvement in financial losses of distribution utilities lies with State Government. However, the Central Government has launched the following programmes for improving financial health of the State Distribution Utilities.

10th Plan APDRP:

The Accelerated Power Development & Reforms Programme (APDRP) was launched in 2002-03 as additional central assistance to the states for strengthening and up gradation of sub-transmission and distribution systems of high-density load centers like towns and industrial areas with main objectives of reduction in AT&C and commercial losses; improve quality and reliability of supply of power. Total 571 projects at the cost of Rs.17033.58 Crore were sanctioned in 10th Plan APDRP. On implementation of APDRP, the AT&C losses could be brought down below 20% in 215 towns (163 towns less than 15% & 52 towns between 15-20%) in country.

R-APDRP for 11th Plan:

Government of India has launched Restructured Accelerated Power Development and Reforms Programme(R-APDRP) in July 2008 as a central sector scheme for XI Plan aimed at turnaround of power distribution sector.The scheme comprises of two parts-Part-A & Part-B. Part-A of the scheme being dedicated to establishment of IT enabled system for achieving reliable & verifiable baseline data system. Part-B deals with regular Sub Transmission & Distribution system strengthening & up- gradation projects.It is expected that on successful completion of the scheme, the AT&C losses will be reduced to the extent of 15% in the project areas. The exact result will be known after 5 years of implementation of the part B of scheme.

The All India AT&C losses have been reduced from 33.02% in the year 2005-06 to 30.59% in 2006-07 and further to 29.24% in 2007-08.

The state wise details of AT&C losses for the years 2005-06 to 2007-08 are given in Annex-II.

As far as Andhra Pradesh is concerned, there are four distribution companies in the state viz Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL), Andhra Pradesh Eastern Power Distribution Corporation Limited (APEPDCL), Andhra Pradesh Northern Power Distribution Corporation Limited (APNPDC) and Andhra Pradesh Southern Power Distribution Corporation Limited (APSPDCL). All of these companies have been registering profits on accrual basis during the years 2005-06,

2006-07 and 2007-08 as per the details given below:
Profit in Rs. crores

Utility	2005-06	2006-07	2007-08
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APCPDCL	26	11	11
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APEPDCL	19	14	35
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APNPDCL	5	6	7
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APSPDCL	41	53	54
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(Source: Power Finance Corporation)

The DISCOMs wise AT&C (%) losses in Andhra Pradesh are given below:

Andhra Pradesh APCPDCL	18.99	18.32	19.23
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APEPDCL	12.19	12.09	7.46
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APNPDCL	11.82	23.28	11.92
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APSPDCL	19.23	17.47	20.02
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Andhra Pradesh Total	16.68	17.88	16.19
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(Source: Power Finance Corporation)