

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4573

ANSWERED ON:20.08.2010

AGGREGATE TECHNICAL AND COMMERCIAL LOSSES

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Will the Minister of POWER be pleased to state:

- (a) whether the Government is incurring a loss of Rs.40,000 crore yearly due to the Aggregate Technical and Commercial losses (AT&C) in the country;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether the Union Government has conducted any comprehensive study to ascertain the factor responsible for the AT&C losses in the country;
- (d) if so, the details of the outcome of the study thereof;
- (e) whether the Government has constituted any High Level Committee in this regard; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARAT SINGH SOLANKI)

(a) & (b) : As per the 7th 'Report on Performance of State Power Utilities' published by Power Finance Corporation Limited, the Profit/(Loss) on accrual basis for utilities selling directly to the consumers has increased from Rs.14,303 crore in 2006-07 to Rs.14,720 crore in 2007-08 and further to Rs.20,920 crore in 2008-09. The utility-wise details of the Profit/(Loss) on accrual basis for utilities selling directly to the consumers are given at Annex-I.

The major reasons for losses include high Aggregate Technical and Commercial (AT&C) losses and non-coverage of average cost of supply by current retail prices.

Main Factors for high Aggregate Technical and Commercial (AT&C) Losses:

A. Technical Losses

- # Overloading of existing lines and substation equipments
- # Absence of upgradation of old lines and equipment
- # Low HT: LT ratio
- # Poor repair and maintenance of equipment

B. Commercial Losses

- # Low metering/billing/collection efficiency
- # Theft and Pilferage and tampering of meters
- # Absence of Energy Accounting and Auditing
- # Low accountability of employees.

(c) & (d) : Electricity is a concurrent subject and the prime responsibility for reduction in financial and AT&C losses of distribution utilities lies with the State Governments. No comprehensive study has been conducted by the Union Government to ascertain the factors responsible for AT&C losses in the country. However, the all India Aggregate Technical and Commercial (AT&C) losses have been reduced from 30.62% in the year 2006-07 to 29.58% in 2007-08 and further to 28.44% in 2008-09.

(e) & (f) : A High Level Panel on 'Financial Position of Distribution Utilities' to look into the financial problems of the State Electricity Boards (SEBs) and to identify potential corrective steps particularly in relation to their accounting practices has been constituted by the Planning Commission vide their order No. 1-22/2/32/2010-P&E dated 28.07.2010 under the Chairmanship of Shri V.K. Shunglu, former Comptroller & Auditor General of India.