

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4772
ANSWERED ON:07.08.2009
PRIVATISATION OF POWER DISTRIBUTION
Agarwal Shri Jai Prakash

Will the Minister of POWER be pleased to state:

- (a) the details of qualitative improvement noticed as a result of privatization of power distribution in the country;
- (b) whether any proposal regarding reorganization of power distribution companies and encouraging competition between the existing power distribution companies is under consideration of the Government; and
- (c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a) : The distribution business has been privatized in Orissa and Delhi. Improvement has been noticed in terms of parameters like reduction of transmission and distribution losses etc. in these States. Despite various constraints and limitations, the quality of supply and standard of performance has generally improved.

(b) & (c) : 14 States have reorganized their Electricity Boards & 7 States are yet to organize their boards. The Electricity Act, 2003 provides for multiple licensees in the same area of supply. The Act also provides for re-organization of the State Electricity Boards with a view to encouraging competition in various segments of generation, transmission and distribution. The National Electricity Policy further reinforces the vision of the Act and reiterates that private sector participation in distribution needs to be encouraged for achieving the requisite reduction in transmission and distribution losses and improving the quality of service to the consumers. It further provides that the State Governments have full flexibility in carving out distribution zones while restructuring the government utilities subject to the condition that for grant of second and subsequent distribution licence, a revenue district, a municipal council for a smaller urban area or a Municipal Corporation for a larger urban area may be considered as the minimum area.