

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1453  
ANSWERED ON:04.03.2011  
DISTRIBUTION OF POWER  
Paranjpe Shri Anand Prakash

**Will the Minister of POWER be pleased to state:**

- (a) whether the Government is finding it difficult to get private partnership in distribution of power;
- (b) if so, the details thereof;
- (c) whether the Government has formulated any plan for providing financial incentives for engaging private companies in distribution of power; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) & (b): Distribution of electricity is a State matter and Section 131 of the Electricity Act, 2003 provides for reorganization of State Electricity Boards whereby the generation, transmission and distribution of electricity can be unbundled through a transfer scheme to be formulated as per the provision of Section 131 of Electricity Act, 2003 and notified by the State Government. There is no bar in handing over distribution to private sector companies by a State Government. The decision to privatize distribution or engaged private partner in distribution in PPP (Public Private Participation) mode, is taken by the concerned State Government/distribution companies.

(c) & (d): Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) – Scheme of Rural Electricity Infrastructure and Household Electrification for attaining the goal of providing electricity to all households, franchisees are being deployed for management of rural distribution..

For Projects to be eligible for capital subsidy under the scheme, prior commitment of the States is obtained for deployment of franchise before sanction of Projects under the Scheme. These Franchisees can be Non- Governmental Organizations (NGOs), User Associations, Cooperatives or individual entrepreneurs. The State Governments can also consider giving the responsibility of franchisees to the Panchayati Raj Institutions.

In 16 states franchisees are already in place, covering 110567 villages. Besides this, capacity building of franchisees is also being undertaken by the Ministry of Power, through the nodal agency, PFC.