

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:960
ANSWERED ON:10.07.2009
LOSSES OF SEBs
Ahir Shri Hansraj Gangaram

Will the Minister of POWER be pleased to state:

- (a) whether several State Electricity Boards (SEBs) in the country are incurring huge financial losses;
- (b) if so, the details of the losses incurred by these Boards during each of the last three years, State-wise and the reasons therefor;
- (c) whether the Union Government has formulated any strategy to reduce these losses; and
- (d) if so, the details thereof?

Answer

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

(a) & (b) : Yes, Madam. The Power Finance Corporation (PFC) has for the last few years been publishing an Annual Report on the performance of State Power Utilities (State Electricity Boards [SEBs]/ unbundled utilities/ Power Departments) and private distribution companies created as a result of reform measures in various States. The sixth Report covering the performance of State Power Utilities for the years 2005-06 to 2007-08 has been published by PFC. The details of profit/ losses (on accrual basis) incurred by SEBs during the years 2005-06 to 2007-08 given in the Report are enclosed as Annex.

Some of the main reasons for SEBs/Power Utilities incurring commercial losses are :

- (i) High Aggregate Technical and Commercial (AT&C) losses.
- (ii) Revision of tariffs not taking place on timely basis.
- (iii) Higher cost of power purchase.

(c) & (d) : The SEBs/Power Utilities are under the jurisdiction of their respective State Governments and Electricity Regulatory Commissions set up under the Electricity Act, 2003. However, the Central Government has taken the following major initiatives in this regard:

- (i) Theft is one of the main reasons of high Aggregate Technical and Commercial (AT&C) losses. Legal provisions in the Electricity Act, 2003 for dealing with theft of electricity have been further strengthened by the Electricity (Amendment) Act, 2007 making the offence of theft cognizable and non-bailable.
- (ii) Restructured Accelerated Power Development and Reforms Programme (R-APDRP) has been sanctioned for the XI Plan as a Central Sector Scheme. The focus of the programme is on actual demonstrable performance in terms of sustained loss reduction.
- (iii) Emphasis is given on metering of feeders and supply to consumers for energy accounting and auditing for identifying the location of high losses so that corrective measures can be taken. Up to 100 per cent grant is provided for this purpose under Restructured Accelerated Power Development and Reforms Programme (R-APDRP).
- (iv) The Electricity Act, 2003 provides that the tariff will be regulated by the Electricity Regulatory Commissions on the basis of principles laid down in the Act which, inter-alia, include efficiency improvement and reduction of cross subsidies. Section 61 states that the Appropriate Commission, for determining the terms and conditions for determination of tariff, shall be guided, inter-alia, by multi-year tariff principle.
- (v) Due to proposed capacity addition under the 11th Plan and functioning of power exchanges for development of power market, cost of power purchased is expected to be rationalized.