

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:3816

ANSWERED ON:16.12.2011

LOSSES OF SEBS

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

(a) whether the State Electricity Boards (SEBs) are losing Rs. 1,00,000 crore in the year 2010-11;

(b) if so, the details thereof and reasons therefor; and

(c) the steps being taken to correct the situation in SEBs, State-wise including Haryana?

**Answer**

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

(a): Loss figures for the year 2010-11 are not available, as audited accounts of all SEBs for 2010-11 are not yet ready.

(b): As per the PFC's 'Report on Performance of State Power Utilities for 2007-08 to 2009-10', the aggregate losses on subsidy from State received basis for Distribution Utilities increased from Rs.17,620Cr. in the year 2007-08 to Rs.35,762Cr. in 2008-09 and to Rs.42,415Cr. in 2009-10. States/UTs-wise details are given at Annex-I.

The primary reasons for (a) Commercial losses are operational inefficiency, leading to high AT&C losses, inadequate revision of tariff to cover cost of supply, pilferage/theft of power and non disbursement of subsidy by State Governments to utilities and (b) technical losses are overloaded networks, inadequate neutralization of reactive power by capacitors, load imbalances in 3 phase supply etc.

(c): The responsibility of reduction of AT&C losses in the distribution network is with the State Governments and the Power Departments. However, to address the issues related to the high AT&C losses and reforms in the distribution sector of the States, the Restructured-Accelerated Power Development and Reforms Programme (R-APDRP) was launched by the Ministry of Power in July 2008 as a Central Sector Scheme for improving the urban power distribution sector in the country. The focus of R-APDRP Scheme is on actual demonstrable performance by utilities in terms of sustained Aggregate Technical & Commercial (AT&C) loss reduction. The projects under the scheme are taken up in two parts: Part-A & Part-B. Part-A of the scheme is dedicated to the establishment of an IT enabled system for achieving reliable & verifiable baseline data that shall enable evaluation of exact & verifiable AT&C losses in towns where the scheme is being implemented. Part-B of the scheme is for actual up-gradation and strengthening of the sub-transmission and distribution system.

The present status of the R-APDRP scheme is given below:

# Part-A (IT) projects worth Rs.5196.50Cr covering almost all the eligible towns (1402 Nos) in 29 states / UTs have been sanctioned.

# Part-A (SCADA) projects worth Rs.1385.87Cr covering all the eligible towns (60 Nos.) have been sanctioned.

# 1100 towns are eligible for Part-B projects. So far 1039 Part-B projects worth Rs.23658.18Cr have been sanctioned.

Under R-APDRP, Projects worth Rs.839.21Crores has been sanctioned to Distribution utilities of Haryana under R-APDRP and a sum of Rs.49.68Crores has been disbursed to Distribution utilities of Haryana. Despite sanction of scheme on 20th February, 2011, Haryana is yet to appoint ITIA after a gap of more than 2 years since sanction.

The State/UTs wise details of projects sanctioned and sanctioned project cost under Part-A & Part-B of R-APDRP including Haryana are enclosed at Annex-II.

A number of technical and administrative interventions have also been initiated by the Central Government to curb the power theft in the country. Administrative intervention for reducing commercial losses through effective control of theft of electricity include incorporation of specific provisions in the Electricity Act, 2003 for detection of theft, speedy trial of theft related offences and also for recovery of the charges of electricity stolen.

Government of India, Ministry of Power has amended Section 135 and Section 151 of the Electricity Act, 2003 through the Electricity (Amendment) Act, 2007 making the offence punishable under Section 135-140 and Section 150 as cognizable and non-bailable. Moreover powers have been vested with the police officer in line with Chapter XII of the Code of Criminal Procedure, 1973 (2 of 1974). The definition of theft has been expanded under Section 135 to cover use of tampered meters and use of electricity for

unauthorized purpose by insertion of provisions (d) and (e) under Section 135(1) of the Electricity Act, 2003. Administrative measures also include constitution of Special Courts (as per Section 153 of the Act) for speedy trial of offences committed under Section 135-140 of the Act. As per the provisions of the Electricity Act, 2003, Special Courts, to deal exclusively the cases of electricity theft have been set up in 24 States. In Haryana, total 957 no. of theft cases were reported and revenue of Rs.32.25Crores was realized during Year 2009-10 (Source: CEA).

#### Conference of Power Ministers

The 5th Conference of Power Ministers was held in New Delhi on 13th July, 2011. It was resolved that the state governments would ensure that the accounts of the power utilities are audited by September of the next financial year. Computerization of accounts is to be undertaken, if not done already. The distribution utilities are to file the Annual Tariff Petition by December-January of the preceding year to the State Regulator as stipulated in the National Tariff Policy. The state governments are to clear all outstanding subsidies to the utilities and ensure advance payment of subsidy in future. Further, the state governments are to take effective steps to reduce AT&C Losses below 15% and also initiate steps to appoint distribution franchises in urban areas through competitive bidding.

#### Rating of Utilities

In order to enable a unified approach by FI/Banks for funding State Distribution Utilities, Ministry of Power is in the process of developing an integrated rating methodology for State Distribution Utilities. The overall objective of the integrated rating methodology is to devise a mechanism for incentivizing/ disincentivising the distribution utilities so as to improve their operational and financial performance, enable regulatory compliance and influence respective State Govts to fulfill commitments on subsidy, equity support including transition funding support to achieve self-sustaining operations.

#### Request to `Appellate Tribunal for Electricity`

Ministry of Power has requested `Appellate Tribunal for Electricity` to issue directions under section 121 of the Electricity Act to the State Regulatory Authorities to revise the tariff appropriately (suo-motto, if required), in the interest of improving the financial health and long term viability of electricity sector in general and distribution utilities in particular. APTEL has passed an order on 04/02/2011 requesting all the State Commission/Joint Commissions to send status report with reference to the determination of annual revenue requirement/tariff for all the years from the date of the constitution of the Commission to enable them to find out the position and to pass orders. The compliance of this order will facilitate improvement in financial health of utilities.

Model Tariff Guidelines: Forum of Regulators (FOR) has approved tariff regulations, which will ensure adequacy of tariff to utilities. PFC & REC insist on adoption of model tariff regulations as one of the conditionality for short time disbursement.