

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5800
ANSWERED ON:11.05.2012
FINANCIAL HEALTH OF POWER UTILITIES
Bajwa Shri Partap Singh

Will the Minister of POWER be pleased to state:

- (a) whether the fiscal health of Power Utilities across the country is a matter of concern;
- (b) if so, whether the power distribution companies have resorted to load shedding due to inability to purchase power;
- (c) if so, whether there is a mismatch in demand and supply as power distribution companies have been unable to buy power from producing companies;
- (d) if so, the details thereof and the steps taken by the Government to address this problem;
- (e) whether the Government proposes to provide funds for power purchase and critical infrastructure requirements of these utilities; and
- (f) if so, the details thereof?

Answer

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

(a): As per Power Finance Corporation (PFC)'s report covering the Performance of State Power Utilities for the years 2007-08 to 2009-10, the losses made by utilities selling directly to consumers during the past three years are as follows:

(Rs. in Crores)

No.

	2007-08	2008-09	2009-10
Profit/ (Loss) after tax on accrual basis	(14,751)	(22,607)	(27,489)
Profit/ (Loss) on subsidy received basis	(17,620)	(35,762)	(42,415)

State-wise details are given in Annex-I.

The above trend of losses incurred by the State Power Utilities indicates their poor fiscal health. The main reasons for poor financial health of State Power Utilities are non-revision of tariff/ inadequate tariff increase, non-payment of subsidy amount, high technical and commercial losses etc.

(b) & (c) : No specific information is available in Ministry of Power. The provisional State-wise data of Power Supply Position (MU) and Peak Demand & Peak Met (MW) in the month of April, 2012 is given at Annex-II. The energy/peak shortage takes into account load shedding undertaken by states.

(d): The steps taken/being taken by the Government to mitigate of power supply in the country include the following:

- (i) Acceleration in generating capacity addition.
- (ii) Rigorous monitoring of capacity addition of the on-going generation projects.
- (iii) Development of Ultra Mega Power Projects of 4000 MW each to reap benefits of economies of scale.
- (iv) Augmentation of domestic manufacturing capacity of power equipment.
- (v) Coordinated operation and maintenance of hydro, thermal, nuclear and gas based power stations to optimally utilize the existing generation capacity.
- (vi) Thrust to import of coal by the power utilities to meet the shortfall in coal supplies to thermal power stations from domestic sources.
- (vii) Renovation, Modernization and Life Extension of old and inefficient generating units.
- (viii) Strengthening of inter-state and inter-regional transmission capacity for optimum utilization of available power.
- (ix) Strengthening of sub-transmission and distribution network as a major step towards loss reduction.
- (x) Thrust to rural electrification through Rajiv Gandhi Grameen Vidyutikaran Yojana.
- (xi) Promoting energy conservation, energy efficiency and demand side management measures.

(e) & (f): There is no proposal to provide funds to Power Distribution Companies for Power purchase. However, to improve infrastructure and to reduce the AT&C losses, Government of India has launched the Restructured-Accelerated Power Development and Reforms Programme (R-APDRP) during 11th Plan period. The focus of R-APDRP is on actual demonstrable performance by utilities in terms of sustained AT&C loss reduction. Projects under the scheme are being taken up in two Parts. 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.

Under R-APDRP, projects worth Rs.31416.15 crores Part-A: Rs.6639.98 crores covering 1402 towns and 63 SCADA projects; Part-B: Rs.24776.17 crores covering 1086 towns) have already been sanctioned. All the eligible towns posed by states having population more than 30,000 (10,000 for special category states) have been covered under Part-A.