

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:29
ANSWERED ON:22.11.2012
FINANCIAL HEALTH OF POWER DISCOMS
Jeyadural Shri S. R.

Will the Minister of POWER be pleased to state:

- (a) whether the Union Government had set up a Committee to go into the financial health of power distribution companies (discoms) in the country;
- (b) if so, the details thereof;
- (c) whether the said Committee had submitted its report;
- (d) if so, the details of the recommendations of the Committee; and
- (e) the action taken by the Government on these recommendations?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): Yes, Madam. In order to look into the issues of State Discoms and to suggest measures to improve the financial health of the Distribution Utilities the Planning Commission vide O.M. dated 18.10.2011 constituted an expert group under the chairmanship of Shri B. K. Chaturvedi, Member (Energy), Planning Commission.

(c) to (e): In pursuance of the recommendations of this committee, Government of India (GoI) has approved the scheme for Financial Restructuring of States owned Distribution Companies for financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism by Central Government. The salient features of the schemes are as in Annex.

The scheme is effective from the 5.10.2012 and would remain open upto 31st December, 2012, or as extended by the Government of India. It is for the State Govts. to finalize the restructuring plans. The effect of such restructuring is to ultimately ensure long term financial viability of the State owned discoms.