

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1030
ANSWERED ON:29.11.2012
LOSSES OF DVC
Jeyadural Shri S. R.

Will the Minister of POWER be pleased to state:

- (a) whether the Damodar Valley Corporation (DVC) is running into losses year after year;
- (b) if so, the details of profit and loss of DVC during each of the last three years and the current year, year-wise along with the reasons therefor; and
- (c) the efforts made by the Government to ensure that DVC does not incur heavy losses and its outstanding dues are recovered for various electricity boards/companies?

Answer

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

(a) & (b): DVC has made a loss during the financial year 2010-11 and 2011- 12.

The profit/loss of Damodar Valley Corporation since 2009 is furnished below:

Particulars	2009-10	2010-11	2011-12
Profit/loss (after tax) in Rupees crore	300	(-120)	(-858)

The loss shown for the year 2011-12 is under audit.

The reasons for the financial losses are as follows:

I.(i) Reduction in Tariff by Central Electricity Regulatory Commission (CERC) from May, 2010 during 2010-11 by 29 paise per KWH from Rupees 3.69 per KWH to Rupees 3.40 per KWH, which led to reduction in profitability.

(ii) Interest on Government Capital not considered by CERC in Tariff amounting to Rupees 277 Crore and Rupees 293 Crore during 2010-11 and 2011-12 respectively. DVC has filed an appeal before the Hon'ble Supreme Court of India on the above issues and the same is pending.

II. Contribution of annual instalments towards balance Pension & Gratuity liabilities of DVC to the Trust pertaining to past years based on valuation made by the actuary amounting to Rupees 218 Crore during 2010-11 & Rupees 733 Crore during 2011-12.

III. Jharkhand State Electricity Board (JSEB) dues due to non-payment of Rupees 5414 Crore outstanding from JSEB on account of power bills till 31st October, 2012 with interest incidence of about Rupees 250 Crore and Rupees 300 Crore during 2010-11 & 2011-12 respectively on Bank loans taken from them.

IV. Non-recovery of fixed expenditure of about Rupees 65 Crore and Rupees 160 Crore during 2010-11 and 2011-12 respectively due to less than expected performance of new units.

(c) : Measures taken by the Government for improvement of financial position and profitability of DVC:

I. Ministry of Power has approached the Ministry of Finance for recovery of an amount of Rupees 2353 Crore of JSEB as reconciled till March, 2012 by devolution of the Central Plan share of Jharkhand State in terms of the Tripartite Agreement (TPA) of the securitization scheme 2002 of Government of India.

II. Government of India has issued guarantee for Rupees 4400 Crore in year 2011-12 for the issuance of Bonds on the request of DVC and DVC has already raised this amount. Ministry of Finance has agreed to provide guarantee for Rupees 2600 Crore for the year 2012-13