

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1774
ANSWERED ON:07.03.2013
DUES FROM POWER DISTRIBUTION COMPANIES
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Will the Minister of POWER be pleased to state:

- (a) the amount of loan due to the Union Government from the State power distribution companies, State-wise;
- (b) the likely effect on power generation in the country as a result of this heavy burden of loans on the States along with the remedial measures being taken by the Union Government in this regard;
- (c) whether the power distribution companies are facing financial crunch for their development activities and the Union Government is planning to revise the price of electricity so that electricity is sold at production cost; and
- (d) if so, the details thereof?

Answer

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

(a) & (b) Union Government is not providing loans directly to State power distribution companies. However, under Restructured-Accelerated Power Development and Reforms Programme (R-APDRP) loan is being provided to DISCOMS against sanctioned projects. The loan provided under the R-APDRP Scheme is convertible into grant on successful implementation of the scheme. Under Part `A` of R-APDRP, 100% of loan is convertible to grant whereas under Part `B` loan upto 50% is convertible to grant subject to certain conditions.

Under R-APDRP, cumulatively an amount of Rs.6456.01 Crore has been disbursed as loan for sanctioned projects as on 05.03.2013. State wise Details of sanction and disbursement under R-APDRP is enclosed at Annex-I.

To enable the turnaround of the State Discoms and ensure their long term viability, a scheme for Financial restructuring of State Owned Discoms has been notified by the Government of India. The scheme contains measures to be taken by the State Discoms lender banks and State Government for achieving financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism by Central Government.

(c) & (d) As per PFC report on `Performance of state Power Utilities for the years 2008-09 to 2010-11`, based on the account details provided by the utilities, most of the utilities selling directly to consumers have incurred losses during the period 2008-09 to 2010-11. Details are given in Annex-II.

Under the Electricity Act, 2003 State/Joint Electricity Regulatory Commissions (SERCs/JERCs) fix retail tariffs for consumers. The Act also requires under section 61 that the SERCs while fixing the tariff should be guided by the factors inter-alia `that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies in the manner specified by the Appropriate Commission`.

Forum of State Regulators and CERC have resolved to implement Model Tariff Guidelines, which address issue of rationalization of tariff. FOR (Forum of Regulators) has circulated Model Tariff Guidelines to SERCs, for their adoptions.

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.

The Appellate Tribunal for Electricity (APTEL) in its order dated 11th November, 2011 has issued directions to the State Commissions with a view to improve the financial health of SEBs/ Discoms and ultimately help to deal with the mounting arrears of pending dues of the distribution utilities, which inter alia include automatic fuel & power purchase adjustment cost, suo-motto determination of tariff, if petition is not filed by utility, annual truing up of accounts and no resource gap to be left uncovered by SERCs.