

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5901

ANSWERED ON:02.05.2013

LOSSES OF POWER DISTRIBUTION COMPANIES

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Will the Minister of POWER be pleased to state:

(a) the details of the accumulated losses of the power distribution companies of various States during each of the last three years including the current year, State-wise along with the reasons for such losses and the details of those power distribution companies which are earning profits;

(b) whether the Rural Electrification Corporation and the Power Finance Corporation are not able to make financial provisions for the loss incurring power distribution companies of various States;

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

(d) whether the Government after conducting a review of the working of the profit earning power distribution companies has issued any advisory to the loss incurring power distribution companies in other States to follow their model; and

(e) if so, the details thereof along with the status of implementation of the same and other steps being taken by the Government to arrest the losses of various State power distribution companies?

Answer

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

(a) : 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, many utilities selling directly to consumers have incurred losses during the period 2008-09 to 2010-11.

State-wise details of accumulated profit / (loss) as per balance sheet for utilities selling directly to consumers are given in Annex-I. State wise data pertaining to the year 2011-12 and current year are not available.

The main reasons for poor financial health of State Power Utilities are infrequent revision of tariff/ inadequate tariff increase, non-payment of subsidy amount, high technical and commercial losses etc.

(b) & (c) : As per the Prudential Norms, provision is required to be made in the books if a loan becomes non-performing asset (NPA). Since all the power distribution companies, including the loss-making ones are paying the dues of Rural Electrification Corporation (REC) and none of the loans given to them has become NPA, no provision is required to be made.

As far as Power Finance Corporation (PFC) is concerned, as on 31.03.2013, there is no NPA from state sector borrowers. Hence no provision has been made in the books of accounts.

(d) & (e): No advisory has been issued to the loss incurring power distribution companies. However, in the Power Ministers` Conference held on 5th Feb., 2013, a presentation was made presenting a comparative study of various distribution models based on the Report of M/s. CRISIL Risk & Infrastructure Solutions Ltd. (CRIS) appointed by the `High Level Panel on Financial Position of Distribution Utilities` to look at emerging models of distribution utilities and compare their relative strengths and weaknesses.

Electricity is a concurrent subject and the responsibility of sub- transmission and distribution rests with the States. Government of India acts as a facilitator in supplementing the efforts of States to provide power to consumers in an improved manner.

The steps taken by the Union Government to improve distribution sector and to reduce the losses of SEBs/power distribution companies of the country are given in Annex-II.