

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3248
ANSWERED ON:30.08.2013
IMPACT OF LOSSES BY DISCOMS ON STATE FINANCES
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has received reports of State finances being dragged on by losses incurred by power distribution companies;
- (b) if so, the details thereof and reaction of the Government thereto, State-wise; and
- (c) the measures taken or proposed to be taken in the matter?

Answer

THE MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : The commercial profit/loss of State Power distribution companies (Discoms) /Electricity Departments of the States for the years 2011-12, 2012-13 and 2013-14, as at Annexure I, impacts finances of States to the extent the liability is taken over by State Governments. As gleaned from Finance Accounts and Budget Estimates, the States in aggregate have shown improvements in 2011-12, 2012-13 and 2013-14 in the key fiscal indicators and are expected to achieve a revenue surplus to GSDP ratio of 0.30% in 2011-12, 0.26% in 2012-13 and 0.49% in 2013-14 ahead of the Thirteenth Finance Commission (FC-XIII) projections of Revenue Deficit (RD) of 0.2%, 0.2% and 0.1% respectively for these three years. Further, on aggregate basis, the Debt to GDP ratio of the States are also ahead of the FC-XIII projections at 23.6% in 2011-12, 22.8% in 2012-13 and 20.9% in 2013-14 as against the target of 26.1%, 25.5% and 24.8% for these three years respectively. State-wise details of RD/Revenue Surplus and Debt to GSDP ratios are at Annexure II and III, respectively. The States are also maintaining healthy aggregate cash balances of Rs.1,19,630 crore, Rs.1,45,735 crore and Rs. 1,22,575 crore as on 31.3.2012, 31.3.2013 and 24.8.2013, respectively.

(c) A scheme for Financial Restructuring of the State-owned power distribution companies has been notified by the Government of India in October 2012, to enable turnaround of the Discoms, participating as per contours of the Scheme, by improving their operational performance and long term viability.