GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1636
ANSWERED ON:05.03.2015
MODERNISATION AND RESTRUCTURING OF SEBS
Agrawal Shri Rajendra;Bohara Shri Ramcharan;Maragatham Smt. K.;Patle Smt. Kamla Devi

Will the Minister of POWER be pleased to state:

(a) the details of losses suffered by each State Electricity Board (SEB) during the Twelfth Plan, year-wise along with the reasons for the same;

(b) whether the Government has chalked out any plan for modernisation, restructuring and financial upgradation of SEBs and if so, the details thereof along with the fund allocation, if any, State/ UT-wise;

(c) whether any directives have been issued to the concerned States for improving the condition of SEBs and to check the heavy loss and if so, the details thereof; and

(d) whether the Government has allowed National Thermal Power Corporation (NTPC) to mobilise funds by taking loan from the open market to tackle the situation arisen due to heavy losses suffered by SEBs and if so, the details thereof along with the quantum and source of fund identified for the purpose?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY
(SHRI PIYUSH GOYAL)

(a) : Based on the Report covering the Performance of State Power Utilities published by Power Finance Corporation (PFC), the losses of State Utilities (including Gencos, Transcos and Tradecos) for the last three years are given below:

```
   2011-12  2012-13  2013-14
Profit/ (Loss) after (76,869) (69,726) (50,532)
tax on accrual basis
(Rs. crores)
```

Out of 55 Distribution Utilities, report from 42 Distribution Utilities has been received.

(b) & (c): The Scheme for Financial Restructuring of State Owned Discoms was formulated and approved by the Government keeping in view the declining operational performance and financial health o f State Discoms and to enable the turnaround of the State Discoms, which have accumulated huge losses and unsustainable debt. The scheme contains measures to be taken by the State Discoms and State Government for achieving financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism by Central Government. The salient features of the scheme are:

The State Government will take over 50% of the outstanding short term liabilities (STL) of the DISCOMS as on March 31, 2012. This will be first converted into bonds to be issued by Discoms to participating lenders, duly backed by State Government guarantee. The State Government will then take over this liability from Discoms in the next 2-5 years by way of issuing special securities in accordance with their FRBM space. The State Government will provide support in payment of interest and repayment of principal till the date of takeover by issuing special securities.

The Balance 50% Short term Liabilities will be rescheduled by the lenders at the best possible terms with moratorium on principal repayment.

The scheme contains two tier monitoring mechanism by committees at Centre and State level to monitor the progress of the turnaround plan.

Central Government would provide incentive by way of grant equal to the value of the additional energy saved by way of accelerated AT&C loss reduction beyond the loss trajectory specified under RAPDRP and capital reimbursement support of 25% of principal repayment by the State Government on the liability taken over by the State Government under the scheme.

The scheme contains immediate/continuing and other measures required to be taken in a time bound manner by the Discoms and State Governments to ensure long term financial & commercial viability of State owned Discoms. These measures include Financial Restructuring, Tariff Setting & Revenue Realization, Subsidy, Metering, Audit & Accounts and Monitoring.

National Electricity Fund (NEF):

Government of India launched the National Electricity Fund (Interest Subsidy Scheme) in July 2012 to provide Interest Subsidy on loans raised by both public and private Distribution Companies (DISCOMS), for capital works sanctioned by financial institutions to improve the infrastructure in distribution sector during the financial year 2012-13 and 2013-14. Under National Electricity Fund, interest subsidy aggregating to Rs.8,466 crores spread over 14 years is available. Projects sanctioned are worth Rs.26,000 cr. approximately.

The preconditions for eligibility are linked to reform measures taken by the States and the amount of Interest Subsidy is linked to the progress achieved in reforms linked parameters.

In addition to this, Government of India has launched Integrated Power Development Scheme (IPDS) & Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) schemes for improvements in power distribution utilities leading to reduction of Aggregate Technical and Commercial losses.

Integrated Power Development Scheme (IPDS):

The Government has approved IPDS with the objectives of:

(i) Strengthening of sub-transmission and distribution network in the urban areas;

(ii) Metering of distribution transformers /feeders / consumers in the urban areas.

(iii) IT enablement of distribution sector and strengthening of distribution network as per CCEA approval dated 21.06.2013 for completion of targets laid down under Restructured Accelerated Power Development and Reforms Programme (RAPDRP), which is now subsumed under IPDS, for 12th and 13th Plans by carrying forward the approved outlay for RAPDRP to IPDS. The scheme will help in reduction in AT&C losses, establishment of IT enabled energy accounting / auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency.

The outlay for first two items is Rs.32,612 crores including a budgetary support of Rs.25,354 crore from the Government of India. For component
(iii) indicated above the scheme of R-APDRP as approved by CCEA for continuation in 12th and 13th Plans will get subsumed in this scheme as a separate component relating to IT enablement of distribution sector and strengthening of distribution network for which CCEA has already approved the scheme cost of Rs 44,011 crore including a budgetary support of Rs 22,727 crore. This outlay will be carried forward to the new scheme of IPDS in addition to the outlay indicated above. Budget provision for IPDS scheme for FY 2014-15 is Rs.100 crore.

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY):

The Government has approved the Scheme of "Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)" with following components:

(i) to separate agriculture and non-agriculture feeders facilitating judicious supply of electricity to agricultural and non-agricultural consumers in rural areas; and

(ii) Strengthening and augmentation of sub transmission and distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers.

The ongoing scheme of RGGVY in 12th and 13th Plans is subsumed in DDUGJY as a distinct component for rural electrification, for which Government has already approved to carry forward the balance amount of RGGVY to DDUGJY.

Estimated outlay of components at
(i) and
(ii) of the above scheme is Rs. 43,033 crore including a budgetary support of Rs.33,453 crore from Government of India during the entire implementation period.

For component (iii) the scheme of RGGVY as approved by CCEA for continuation in 12th and 13th Plans will get subsumed in this scheme as a separate rural electrification component for which CCEA has already approved the scheme cost of Rs 39,275 crore including a budgetary support of Rs 35,447 crore. This outlay will be carried forward to the new scheme of DDUGJY in addition to the outlay indicated above. Budget provision for DDUGJY scheme for FY 2014-15 is Rs.500 crore.

(d) : No, Madam.