

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:222
ANSWERED ON:12.03.2015
AUDIT OF POWER COMPANIES
Raghavan Shri M. K.

Will the Minister of POWER be pleased to state:

- (a) whether constitution of power distribution companies across the country has been completed and if so, the details of the operating companies, State/UT-wise;
- (b) the institutionalised mechanism in place to conduct audit of discoms;
- (c) whether the Government has carried out or propose to carry audit of discoms and if so, the details thereof including the irregularities detected, discom-wise; and
- (d) whether the Government is also providing financial assistance to discoms and if so, the details there of during the last three years and the current year, year-wise and discom-wise?

Answer

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

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 222 TO BE ANSWERED IN THE LOK SABHA ON 12.03.2015 REGARDING AUDIT OF POWER COMPANIES.

(a) : Section 131 of Electricity Act, 2003, required the State Governments to re-organize their State Electricity Boards (SEBs) to make the power sector efficient and financially viable. As on date, 22 States in which matters relating to generation, transmission and distribution of electricity were managed by respective SEBs have corporatized their Boards. These States are Odisha, Haryana, Andhra Pradesh, Telengana, Karnataka, Uttar Pradesh, Uttarakhand, Rajasthan, Delhi, Gujarat, Madhya Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Kerala, Maharashtra, Meghalaya, Punjab, Tamil Nadu and West Bengal.

In addition, the States of Manipur and Tripura, which were earlier Electricity Departments, have also corporatized. Six States viz. Jammu & Kashmir, Goa, Sikkim, Arunachal Pradesh, Mizoram and Nagaland have Electricity Departments. Also, there are six Union Territories viz. Chandigarh, Puducherry, Lakshadweep, Andaman & Nicobar Island, Daman & Diu and Dadar & Nagar Haveli which have Power Departments.

(b) & (c) : Since the distribution of electricity at retail level falls within the domain of State Governments, the Central Government does not carry out any audit of Discoms. However, since distribution companies come under the Companies Act 1956, they have to get their accounts audited through Statutory Auditors. The Electricity Act, 2003 also has enabling provisions to get the audit of DISCOMs conducted. Section 16 enables the Appropriate Commission to specify any general or specific conditions while granting licence to a Discom. Further, as per Section 86 of the Electricity Act, the State Commission, while discharging its function of determination of tariffs shall be guided by the Tariff Policy published under section 3. The provisions of sub-para (2) of para 8.2.1 of the Tariff Policy, state that the State Electricity Regulatory Commission (SERC) shall institute a system of independent scrutiny of financial and technical data submitted by the licensee. Besides, SERCs have the overarching power under section 181 to make any Regulations for discharge of their functions given under the Act.

All these provisions give adequate powers to SERCs to get independent audit done, if considered necessary. Apart from this, the State Governments under Section 108 of Electricity Act, 2003, have the powers to give Directions to the SERCs in matters of policy involving public interest. In addition, the public sector DISCOMs are subject to C&AG audit.

(d) : Central Government supplements the efforts of States through various schemes such as Integrated Power Development Scheme (IPDS), Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), National Electricity Fund (NEF) and Financial Restructuring Plan etc. Details in respect of these schemes are at Annex-I.

The details regarding funding to various states under the Restructured Accelerated Power Development and Reforms Programme (RAPDRP) which is now subsumed in IPDS is enclosed at Annex-II. Similar details in respect of Rajiv Gandhi Grameen Viduytikaran

Yojana (RGGVY), now subsumed under DDUGJY, NEF and FRP are given at Annex III, IV and V respectively.