

STUDY TOUR REPORT NO. 29

COMMITTEE ON PUBLIC UNDERTAKINGS

(2001-2002)

(THIRTEENTH LOK SABHA)

STUDY TOUR REPORT

ON

RURAL ELECTRIFICATION CORPORATION LIMITED

Laid in the Lok Sabha on 21 March, 2002

Laid in the Rajya Sabha on 21 March, 2002

LOK SABHA SECRETARIAT

NEW DELHI

March, 2002 / Phalguna 1923 (S)

CONTENTS

Composition of the Committee (2001-2002)

Introduction

Study Tour Notes on Rural Electrification Corporation Limited.

Recommendations/Observations of the Committee

ANNEXURES

- Annexure-I Programme-wise Rural Electrification Schemes sanctioned and the amount drawn by SEBs/Power Utilities/Power Departments.
- Annexure-II Programme wise Rural Electrification Schemes sanctioned and the amount drawn by SEBs/Power Utilities/Power Departments. In North –Eastern States / Hills region.
- Annexure-III Statement showing allocation to States and grant drawn by them under Kutir Jyoti Programme.
- Annexure-IV Tour Programme of the Committee on Public Undertakings to Chandigarh and Shimla from 2nd July, 2001 to 6th July 2001..
- Annexure-V Composition of the Committee on Public Undertakings which visited Chandigarh and Shimla from 2nd July, 2001 to 6th July 2001..
- Annexure-VI List of officials of the REC who were present during discussion with the Committee on Public Undertakings at Shimla on 4-7-2001.

COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS
(2001-2002)

CHAIRMAN

Prof. Vijay Kumar Mahotra

MEMBERS

LOK SABHA

2. Shri Prasanna Acharya
3. Shri Mani Shankar Aiyar
4. Prof. S.P.Singh Baghel
5. Shri Sudip Bandyopadhyay
6. Shri Ram Tahal Chaudhary
7. Shri Ajay Singh Chautala
8. Shri Shiv Raj Singh Chauhan
9. Shrimati Sangeeta Kumari Singh Deo
10. Shri C. K. Jaffer Sharief
11. Shri K. E. Krishnamurthy
12. Shri Vilas Muttemwar
- *13. Shri C. P. Radhakrishnan
14. Shri Tarit Baran Topdar
15. Shri Dinesh Chandra Yadav

RAJYA SABHA

16. Shri Suresh Kalmadi
17. Shri K. Kalavenkata Rao
18. Shri Jibon Roy
19. Shri B.P. Singhal
20. Smt. Ambika Soni
21. Shri C.P. Thirunavukkarasu
22. Shri Ranjan Prasad Yadav

SECRETARIAT

1. Shri John Joseph. Additional Secretary
2. Shri S. Bal Shekar. Director
3. Shri L. N. Gaur. Under Secretary
4. Shri Girdhari Lal. Executive Assistant

* Elected w.e.f 29th November, 2001 *vice* Shri Rajiv Pratap Rudy ceased to be Member of the Committee consequent upon his appointment as Minister w.e.f. 01.9.2001

INTRODUCTION

In pursuance of the procedure adopted under Rule 281 of the Rules of Procedure and Conduct of Business for laying the Study Tour Reports on the Tables of both the Houses of Parliament, I, Chairman, Committee on Public Undertakings have been authorised by the Committee to lay the Study Tour Report on their behalf, lay the Study Tour Report of the Committee on their discussions with the officials of Rural Electrification Corporation Ltd.

2. The Committee held discussions with the officials at Shimla on 4.7.2001. A copy of the tour programme is annexed (Annexure-I).

3. The Committee considered and approved the Report at their sitting held on 19th March, 2002.

4. The Committee wish to express their thanks to Rural Electrification Corporation Ltd. for providing facilities during the visit of the Committee and for supplying necessary material and information required in connection with the Study Tour.

5. They would also like to place on record their sense of appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

**New Delhi
19 March, 2002
28 Phalguna, 1923(S)**

**PROF. VIJAY KUMAR MALHOTRA
CHAIRMAN
COMMITTEE ON PUBLIC UNDERTAKINGS**

STUDY TOUR NOTES OF THE COMMITTEE ON PUBLIC UNDERTAKINGS

DISCUSSION WITH THE OFFICERS OF RURAL ELECTRIFICATION CORPORATION LIMITED AT SHIMLA ON 4th JULY, 2001

At the outset, the Chairman, Committee on Public Undertakings(COPU) made opening remarks and requested the Chairman and Managing Director, Rural Electrification Corporation (REC) to introduce himself and his colleagues to the Committee. The Chairman, COPU also requested him to give a brief account of the working of the Corporation .

2. After the introduction of officers of REC, the Chairman and Managing Director (CMD) of REC has informed the Committee that Rural Electrification Corporation was set up in the year 1969 with the primary objective of providing financial assistance to State Electricity Boards /State Governments for accelerating Rural Electrification Programmes in the country. As a financial institution, it supplements the resources of the SEBs/State Utilities/State Power Departments by providing them interest bearing loans for schemes covering various components of rural electrification as have been sponsored by them for financial assistance. It has been further stated that rural electrification involves investments in creation of the basic power infrastructure in rural areas which can further trigger off socio-economic development. This is done through energisation of irrigation pumpsets, electrification of households and commercial establishments, small industrial units, etc.

3. Rural electrification has three distinct components and stages namely (i) Village Electrification, (ii) Intensive Electrification and (iii) System Improvement -

Village Electrification

The 1st stage is of extension of the power distribution network to un-electrified areas for giving them access to electricity. This is done under the Village Electrification Programme

Intensive Electrification

The 2nd stage is of extension of power supply to hamlets hitherto not electrified and of actually giving electric connections to different types of consumers – domestic, commercial and others, once the power infrastructure has been created. This is done through load development under the Intensive Electrification Programme. This also includes extension of distribution network for energisation of irrigation pumpsets.

System Improvement

With the development of demand, a stage came when electrification distribution infrastructure is to be strengthened and augmented for improving the quality of supply and cutting down the T&D losses. This is done under the System Improvement Programmes.

4. The details of profit/loss of the Corporation for the last ten years alongwith an account of the factors attributable for increase/decrease in profit is as under :

(Rs. in crore)

Sl.No.	Year	Profit before Tax	Profit after Tax	Reasons for increase/decrease in Profit
1.	1991-92	125.31	86.41	-
2.	1992-93	(-) 93.77	(-) 93.77	Changes in Accounting Policy to recognise interest income on actual basis instead of on accrual basis followed earlier.
3.	1993-94	67.02	67.02	-
4.	1994-95	19.27	19.27	Increase depreciation on account of leased assets charged and low recoveries.
5.	1995-96	85.52	72.52	Low recoveries.
6.	1996-97	120.73	94.97	-
7.	1997-98	384.54	299.24	Increased operations.
8.	1998-99	384.54	299.24	Higher disbursements. Increased recoveries including from defaulting States, etc. Introduction of new loans, reduction in cost of borrowing etc.
9.	1990.00	419.36	314.34	Still higher disbursements, increased recoveries diversification combined with reduced cost of borrowings.
10.	2000-01	446.47	336.90	Even higher disbursements, increase recoveries, reduction in cost of borrowing, securitisation of future recoverable etc.

5. The Committee have also been informed that cumulatively, as on 31st March, 2001, REC has disbursed loan assistance of Rs. 20,072 crore to SEBs/State Power Utilities. As a result of REC's financial support over the last three decades, more than 86% of the villages in the country have access to electricity. Out of the total 5.08 lakh villages so far electrified in the country, 3.05 lakh villages have been electrified under REC financed schemes. Similarly, out of total 128 lakh pumpsets energised in the country, 78 lakh pumpsets have been energised under the schemes funded by REC.

6. When asked to state the sources from which REC obtains funds, the Committee have been informed that REC obtains its funds from two sources namely, market mobilisation and loans from the Government of India. REC raises money from the market by way of placement of priority/non-priority sector bonds. The rate of interest on market borrowings varies from issue to issue and was in the range of 11% during 2000-01. In the last financial year, a total of Rs. 1611 crore was raised from the market. The Government of India loans carry interest rate of 11.5% p.a. and have a maturity period of 15 years. During the year 2000-01, a total of Rs. 410 crore was received as loans from the Government of India which constituted a mere 7% of the total resources of the Corporation.

7. When enquired about the interest rates charged by REC on its loans to SEBs/State Power Utilities, the Committee have been informed that interest

rates charged by REC on its loans to SEBs/States Power Utilities for various types of schemes range from 12 to 13% per annum which are applicable uniformly to all the borrowing States/Power Utilities. The Committee have also been informed that the Government does not provide any subsidy on REC loans.

8. When asked whether REC provides loans to private sector for generation of power projects, the Committee have been informed that the Corporation, in accordance with the decision of the Government, is empowered to finance small generation schemes upto 25 MW capacity.

9. Asked to state the measures taken to ensures that the loans extended for rural electrification programmes are recovered without default, the Corporation informed that the following measures are being taken to ensure recovery without default :-

- (1) Loans are disbursed only to States that are not defaulting in repayments.
- (2) Wherever possible State Government Guarantees are reinforced with appropriate banking arrangements to avoid defaults.
- (3) Accounts have been fully computerised and close watch is kept on receipts on the due date.

10 As per information furnished to the Committee, the outstandings dues from the defaulting SEBs/borrowers are given below:

(Rs. in crore)

S.No	States	Overdues as on 31.3.2001
1.	Assam(ASEB)	175.41
2.	Bihar(BSEB)	444.48
3.	Madhya Pradesh (MPEB)	1406.44
4.	West Bengal(WBSEB)	518.79
5.	Uttar Pradesh(UPPCL)	860.11
6.	Others	130.26*
	Grand Total:	3535.49

*Represents temporary year –end overdues of paying States due to few days delays and overdues of cooperative societies, private borrowers etc.

The Committee have been informed that there were 6 chronic defaulting SEBs viz, ASEB, BSEB, MPSEB, MeSEB, UPCCL and WBSEB. The MeSEB has now agreed to reschedule their dues. As there was no favourable response from 5 other SEBs in spite of best efforts, legal action to recover their dues has been initiated.

11. When asked to state the steps taken by the Corporation to recover the outstanding dues from the SEBs/Power Utilities, etc., the Committee have been informed that the following measures have been taken for recovery of outstanding dues:

- (1) Matter taken up and pursued at the highest level in the SEB's, and the State Government.
- (2) Cases filed in Debt Recovery Tribunal against defaulting SEB's, namely, MPEB, ASEB, WBSEB, BSEB & UPPCL
- (3) Cases filed in Debt Recovery Tribunal against defaulting Coopertaive Societies and Wind Power private defaulters.

12. When enquired whether REC gives any incentive to SEBs/States which repay their dues in time, it has been intimated to the Committee that an incentive is given to those borrowers who provide default Escrow Cover to ensure repayment of loan together with interest. In such cases, REC allows a rebate of 0.5% in the rate on relevant schemes/loans.

13. In the Brief submitted to the Committee, it has been stated that in the Budget for 2001-2002, village electrification programme has been included under the Prime Minister's Gramodaya Yojana (PMGY) and accordingly, funds for village electrification will now flow directly from the Central Government to State Governments as Plan Assistance and not through REC.

14. When asked about the role of REC under PMGY and the impact on its operations, the Committee have been informed that under PMGY, it has been envisaged that the village electrification programmes will be planned, coordinated and implemented by the implementing agencies i.e. SEBs/State Power Utilities/State Electricity Departments. Loans amounting to Rs. 400-500 crore which were earlier routed through REC by the Government will now flow directly to the concerned State Governments.

Investments in Rural Electrification Works have been shifting towards load development and system improvement works resulting in increasingly higher

requirement of funds for such investments. REC will now increasingly focus on these components of rural electrification. This trend is already reflected REC's performance in the recent years. With the highest credit rating that the Corporation enjoys and the new sources of funds developed in the recent years, the Corporation should be able to mobilise funds required for these investments from the capital market.

15. When the Committee desired to know the role played by REC in fixing targets/formulating various rural electrification and monitoring the progress of the schemes, including energisation of pump-sets in various States, the Committee have been informed that REC's financing programmes are finalised after detailed discussions in the Annual Works Programme Meetings held with the representatives of SEBs/State Power Departments/State Power Utilities. The size and contents of the programme are determined by the State Governments and their Utilities based on their priorities and policies. REC gives its commitment for financing the same, if feasible. For various types of schemes that are financed by REC, there are internal guidelines and cut-off limits based on which decision to sanction or not to sanction a loan is taken.

16. On the question of the mechanism being followed by REC to check diversion of its funds by borrowers, the Committee have been informed that disbursement of loan against each sanctioned scheme is made by REC

primarily based on progress of works executed by the concerned implementing agencies which are mainly State Governments and their Undertakings.

The mechanism for this purpose adopted by the Corporation involves the following:

- (a) Initial advance upto 20% of the loan for the sanctioned scheme is released on execution of loan documents by them. This initial advance is to enable commencement of the project activities.
- (b) Subsequent installments of loan for each scheme are released on reimbursement basis against the claims of progress of works executed, after pro-rata adjustment of the initial advance.
- (c) The final amount of 10% of loan is released after field monitoring which involves verification of the progress reported by SEBs from the field records.

The responsibility of authenticity of progress reported under each scheme, however, lies with the SEBs/implementing agencies.

17. About the rural electrification schemes sponsored/financed by REC in various States in the last five years and the achievements/progress made in implementing the same, the information furnished by REC is given in Annexures I & II.

18. When asked to state the reasons for decline in pace of Village Electrification, the Committee have been informed that the pace of village electrification has been declining over the years as the investments under

village electrification have become increasingly unremunerative. In the case of North-Eastern States this situation is further deteriorating considering the much greater investments required for electrification of villages in the North-Eastern States.

19. When asked to state the remedial measures required to be taken to enhance the pace of rural electrification, the Committee have been informed that Village Electrification component of the Rural Electrification Programme had been showing disturbing trends in recent years. To correct this, Government have included Village Electrification under Prime Minister's Gramodaya Yojana (PMGY) and announced a time-bound programme for completing the same.

20. To a query about reforms in the functioning of SEBs and its effect on the business of REC, the Committee have been informed that in the context of reforms in the power sector and unbundling of SEBs, REC expects to increase its business as the unbundled organisations are expected to be more commercially oriented and would be keen to cut down the T&D losses and improve the quality of power supply in rural areas to reduce their financial losses and for increased revenue resulting in increasing the requirement of investments for these purposes.

21. About the role and functions of Rural Electric Cooperatives, the Committee have been intimated that Rural Electric Co-operatives are decentralised bodies entrusted with the responsibility for distribution of electricity

in the rural areas. The power consumers are the members of the concerned Rural Electric Co-operatives who elect their management to run the Co-operatives. These RE Co-operatives receive electricity from SEBs/Power Utilities and distribute the same in the area allotted to them and these organisations are governed by the State Cooperative Act and the State Government concerned.

The promotion and development of RE Co-operatives is mainly dependent on the State Government's approach and policies in this regard. REC provides finances to RE-Co-operatives sponsored by the State Governments. REC has so far disbursed Rs.135 crore for 41 RE Co-operatives in the country spread over 12 States. As on date, 33 RE cooperatives are in operation and 8 Societies (3 in Rajasthan and one each in the State of Bihar, Gujarat, J&K, Uttar Pradesh and Orissa) have since been taken over by the respective State Electricity Boards (SEBs). 33 RE Cooperatives Societies presently in operation are located in the States of Madhya Pradesh (17), Andhra Pradesh (9), Tamil Nadu (3), Maharashtra (1), Karnataka (1) and West Bengal (2).

22. When enquired about the problems faced by REC in ensuring the effective functioning of the Cooperatives and the remedial measures required to overcome the same, it has been informed to the Committee that irrational tariffs coupled with large scale pilferage and losses and poor quality of supply have made retail distribution of power in rural areas, totally unremunerative.

Consequently, the Rural Electric Cooperatives that are functioning and facing acute financial distress and are surviving on account of occasional bail-out offered by the respective State Governments from time to time.

23. Presently, a village is deemed to be electrified if electricity is used in the inhabited locality, within the revenue boundary of the village, for any purpose whatsoever. When the Committee enquired whether the definition of village electrification is adequate and sufficient to meet the objective of providing electricity to rural households, the Committee have been informed that present definition prescribed by Government was finalised after detailed consultation with SEBs, State Governments, CEA, etc. This definition is indicative of only the basic access to power created by extending the distribution network and not of the actual coverage.

24. When enquired about the number of de-electrified villages and the role being played by REC in restoring the electric network in those villages, it has been informed to the Committee that the instance of de-electrified villages has been reported in the case of only one State i.e. Bihar and this type of situation has not been reported from any other State. As per the BSEB's report in 1999-2000, there were about 18,000 villages where electricity was not available due to theft of line materials.

25. The Committee have been informed that under the Kutir Jyoti programme, financial assistance (100%) by way of grant is extended to the SEBs/State

power Utilities/State Governments for extending single point light connections in order to improve the quality of life of all rural poor below the poverty line including SC/ST households. So far, about 43.75 lakh households of the rural poor below the poverty line, have been benefited under this programme. A statement showing the allocations for the States and 'Grant' drawn by them under the Kutir Jyoti Programme during the period from 1996-97 to 2000-2001 is appended (Annexure-III).

26. When asked to state the reasons for non-drawl of allocation made for Kutir Jyoti Scheme by some States/SEBs, the Committee have been informed that the main constraints faced by the SEBs/State Power Departments in implementation of their programme are as follows :

- (a) Actual cost of release of single point light connection is higher than the prescribed amount of grant for such connection.
- (b) Non-commercial tariff, which further increases losses to the Utilities on release of these connections.

27. As per the information furnished to the Committee, the Composition of the Board of Directors is as under:-

Shri Divakar Dev,
Shri A.K.Misra,
Shri R.Ramanujam,
Shri P.I.Suvrathan,

CMD – Whole time
Director (Finance)
Govt. Director
Govt. Director

28 The total strength of the Corporation as on 30th June, 2001 was 932. Out of this, 258 were Executives, 489 were non-Executives and the balance 176 were class IV and other supporting staff.

RECOMMENDATIONS / OBSERVATIONS OF THE COMMITTEE

RECOMMENDATION NO. 1

STRENGTHENING OF SYSTEM IMPROVEMENT PROGRAMME

1. The Committee note that due to the weak distribution system, the transmission and distribution (T&D) losses are extremely high. As per BSEB's report in 1999-2000, there were about 18000 villages in Bihar where electricity was not available due to theft of line materials. The Committee have been informed that recognising the increasing need for strengthening and augmenting the power distribution network in the rural areas, the Corporation introduced during the year a Special Category of Loan Scheme for financing the procurement and installation of Energy Meters. The Committee recommend that Corporation continues the financing for this scheme for improving and strengthening the Transmission and Distribution network in rural areas and also enhance the financial support for these system improvement schemes further.

RECOMMENDATION NO. 2

ENHANCEMENT OF GRANT UNDER KUTIR JYOTI SCHEME

The Committee note that some States did not lift the grant for single point connections being offered under the 'Kutir Jyoti Scheme of Government' meant for improving the quality of life of all rural people living below the poverty line. The Committee have been informed that the States have shied away from availing of it on account of their apprehension of recurring revenue losses resulting from high actual cost of release of single point light connections which is much higher than the amount of grant sanctioned for such connections by the Union Government and due to higher non-commercial tariff. The present scale for providing grant of Rs. 1000/- per connection with meter and Rs. 800/- without meter is considered as inadequate by these Utilities and State Governments. The Committee have also been informed that REC has sent a proposal to the Union Government for enhancement of the unit cost of grant and the final decision of the Government on this proposal is awaited in the matter. The Committee are of the view that REC which has been set up with the objective of accelerating rural electrification programme in the country will not be able to achieve its desired goal, if the States do not lift the grant sanctioned and

allocated for them. The Committee, therefore, recommend that in order to give a fillip to the scheme, the Government should consider the proposal of REC for enhancement of the unit cost of grant in a favourable manner. The Committee would like to be apprised of the final decision taken by the Government in this regard at the earliest.

RECOMMENDATION NO. 3

SETTING UP OF MORE RURAL ELECTRIC COOPERATIVES

One of the main objectives of REC is to promote and finance Rural Electric Co-operatives in the country. However, only 41 Rural Electric Co-operatives in 12 States have so far been promoted by the Corporation. Thus a majority of States do not have even a single cooperative. The Committee are unable to understand the tardy progress in regard to setting up of these co-operatives, especially when their performance is stated to be quite satisfactory vis-à-vis the performance of the REC schemes operating in the districts in which the respective cooperative societies are located both in regard to pumpset energisation and other works. The Committee are of the opinion that for the effective implementation of the programme of decentralised distribution of electricity, the co-operatives are ideally suited. They, therefore, recommend that REC/Ministry of Power should persuade the State Governments to set up more and more such cooperatives. In order to give a boost to this venture, REC should work out a model scheme for rural cooperatives and try to solve the various bottle-necks in the operation of the scheme.

RECOMMENDATION NO. 4

DEFINITION OF ELECTRIFIED VILLAGE

The Committee have been informed by the Rural Electrification Corporation (REC) that out of the 5,87,258 villages in the country, 5,08,065 have been electrified. The Committee have been further informed that the statistics on the number of electrified villages in the country has been collected by the Central Electricity Authority. The Committee have been further informed that a village will be deemed to be an electrified village, if one domestic electricity connection exists in that village. REC has stated that the above stated definition of an electrified village is a definition which has been evolved by the Ministry of Power in consultation with the Central Electricity Authority, after detailed consultations with the State Governments and the State Electricity Boards. It was further stated that this definition is only indicative of the basic access to power created by extending the distribution network and it does not definitely indicate the actual coverage. The Committee are of the considered opinion that the current definition of an electrified village is a very unrealistic one and, therefore, requires a review so as to reflect the ground realities. The Committee feel that a realistic definition is very much necessary as that alone could serve as a firm base for

planning the venture of electrification of villages in the country. As the quality of life of the people depends on the extent of electrification, meaningful planning can be undertaken by the Government, only if the actual coverage is taken into account. The picture presented before the Committee hardly reflects the ground reality and it is too good to be true. The Committee, therefore, recommend that the concept of electrified village should be realistically evolved and thereafter a proper plan should be chalked out to deliver the benefit of electricity to the rural masses across the country. In this regard, the Committee desire that a proper survey for identification of the villages to be electrified should be undertaken by engaging an independent agency. In the opinion of the Committee, the purpose of rural electrification can be said to have been achieved only when electricity is proximate and available on demand throughout day and night in all the villages.

RECOMMENDATION NO. 5

**RECOVERY OF OUTSTANDING DUES FROM STATE
ELECTRICITY BOARDS**

The Committee note that an amount of Rs.3535.49 crore is outstanding dues which is yet to be realised by REC from the State Electricity Boards. There are six major chronic defaulting State Electricity Boards, namely, the Assam State Electricity Board, the Bihar State Electricity Board, the Madhya Pradesh State Electricity Board, the Meghalaya State Electricity Board, the Uttar Pradesh Power Corporation Ltd. and the West Bengal State Electricity Board. Among these States, the Meghalaya State Electricity Board has agreed to reschedule their dues. The Committee have been informed that there was no favourable response from the other five State Electricity Boards, in spite of repeated efforts and, therefore, legal action for recovery of their dues has been initiated. The Committee have been further informed that now loans are disbursed only to those States which are not defaulting in repayments. The Committee feel that the most serious problem being faced by the Corporation is the default in repayments by these five Electricity Boards which would adversely affect the financial health of the Corporation. The Committee note with concern that these five defaulting SEBs are the ones who have a very poor record of rural

electrification and require more flow of funds for rural electrification. Any further delay in realising the dues from these SEBs would adversely affect the rural population of these States for no fault of theirs. The Committee find that cases have been filed in the Debt Recovery Tribunals against the defaulting State Electricity Boards. The Committee recommend that in addition to the measures already taken for recovery of outstanding dues, REC should also realise the overdues from the State Electricity Boards through securitisation and by securing tax-free bonds from the respect State Governments, as these measures have been recently agreed to by the high level empowered Group of Chief Ministers and Union Ministers as a solution by way of a one-time settlement.

RECOMMENDATION NO. 6

VACANCIES IN THE BOARD OF DIRECTORS

The Committee note that the total sanctioned strength of the Board of Directors of the Rural Electrification Corporation is twelve and against this, current strength of the Board is only four. The Committee observe that even among the four members of the Board, two are government nominees, while the CMD and the Director (Finance) are the other two members. The Committee note that there are no Non-official Part-time Directors in the Board and the strength of the Functional Directors is also inadequate. The Committee find that the composition of the Board of Directors is not in accordance with the BPE Guidelines of March, 1992 to enable its working through a professionalised body. The Committee strongly recommend that all the vacancies in the Board of Directors should be urgently filled up by giving due representation to the Functional Directors and Non-official Part-time Directors.

RECOMMENDATION NO. 7

ALLOCATION TO NORTH - EASTERN STATES AND HILLY REGIONS

The Committee note that in the last five years the North - Eastern States have drawn a sum of Rs.171.83 crore against new sanctions for village electrification and the hilly regions in Himachal Pradesh and J&K have drawn Rs.144.89 crore, while all other States together have drawn Rs.2339.15 crore. In the matter of pump set energisation, there was no new sanctions at all in the last five years in the North-Eastern States, whereas a sum of Rs.1084.94 crore was drawn by all other States against new sanctions in the last five years. The Committee find that only Rs.129.41 crore were drawn by the North-Eastern States for system improvement work in the last five years, while all other States had drawn a sum of Rs.7340.56 crore for this purpose during that period. The Committee find that the off take of funds in the North-Eastern States for the rural electrification programmes is highly unsatisfactory, given the fact that the entire North-East is completely a rural area with highly inaccessible hilly terrain all over, which requires huge investments in the creation of a power distribution network. The Committee desire that the Government should examine this phenomenon with adequate seriousness so that the root causes for this poor off-take of

funds are identified and suitable remedial measures are taken. The Committee further desire that the terms and conditions for the REC loans should be made softer in favour of the North-Eastern States and the norms prescribed for sanction of loans should also be suitably reviewed and relaxed keeping in view the vast inaccessible terrain conditions and the lower density of population inhabiting a unit area in the whole region. The Committee desire that there is an urgent need to consult all the North-Eastern States in the matter of defining of norms and other connected issues and they recommend that an Emergent Conference of the North-Eastern States in this regard should be organised by the Ministry of Power with a view to intensifying the rural electrification in the North-Eastern States. The Committee feel that this is an essential step which is required to further reinforce the integrity of the country by ensuring the economic development of the North-East which is possible only by proper energisation of the area.

Annexure – II

Programme-wise Rural Electrification Scheme sanctioned and the amount drawn by SEBs/Power Utilities / Power Departments in N.E.States/Hill Region in the last five years.

SL.	State	Village/intensive Electrification			Pumpset Energisation			System improvement & Others			Total		
		New Sanction		Amount drawn	New Sanction		Amount drawn	New Sanction		Amount drawn	New Sanction		Amount drawn
		Project (NOS)	Loan Amount		Project (NOS)	Loan Amount		Project (NOS)	Loan Amount		Project (NOS)	Loan Amount	
North – Eastern States													
1	Arunachal Pradesh	34	3048	5083	-	-	-	-	-	187	34	3048	5270
2	Assam	36	5826	391	-	-	-	-	-	-	36	5828	391
3	Manipur	32	6611	5377	-	-	-	9	3706	1548	41	10316	5925
4	Meghalya	7	1362	0	-	-	-	-	10000	10000	7	11362	10000
5	Manipur	3	481	1297	-	-	-	3	801	814	6	1282	2111
6	Nagaland	-	1666	2057	-	-	-	1	64	13	8	1730	2070
7	Sikkim	30	-	-	-	-	-	-	-	-	-	-	-
8	Tripura	149	4790	2978	-	-	-	7	1078	379	37	5668	3357
	Total		23783	17183	-	-	-	20	15648	12941	169	39430	30124

Hill Region													
SL.	State	Project (NOS)	Loan Amount	Amount drawn	Project (NOS)	Loan Amount	Amount drawn	Project (NOS)	Loan Amount	Amount drawn	Project (NOS)	Loan Amount	Amount drawn
1	Himachal Pradesh	58	10349	9078	-	-	-	19	15291	4636	77	25640	13714
2.	Jammu & Kashmir	23	3860	5411	6	1194	228	104	36079	6227	133	41132	11866
	Total	81	14209	14489	6	1194	228	123	51369	10863	210	56772	25580

Annexure – II

**Programme-wise Rural Electrification Scheme sanctioned and the amount drawn by SEBs/Power Utilities
/ Power Departments in the last five years.**

SL.	State	Village/intensive Electrification			Pumpset Energisation			System improvement & Others			Total		
		New Sanction		Amount drawn	New Sanction		Amount drawn	New Sanction		Amount drawn	New Sanction		Amount drawn
		Project (NOS)	Loan Amount		Project (NOS)	Loan Amount		Project (NOS)	Loan Amount		Project (NOS)	Loan Amount	
1	Andhra Pradesh	98	9381	4938	177	29865	19813	291	145712	88536	586	184956	113280
2	Arunachal Pradesh	34	3048	5083	0	0	0	0	0	187	34	3048	5270
3	Assam	36	5826	391	0	0	0	0	0	0	36	5826	391
4	Bihar	39	4082	147	0	0	0	2	883	0	41	4965	147
5	Delhi	0	0	0	0	0	0	2	817	0	2	817	0
6	Goa	2	387	387	0	0	0	13	1469	904	15	1856	1291
7	Gujarat	6	806	3620	212	16916	14213	107	114608	111331	324	132327	129164
8	Haryana	79	5308	4754	92	3341	1190	104	41909	10967	276	50559	10001
9	Himachal Pradesh	58	10349	9078	0	0	0	19	15291	4636	77	25640	13714
10	Jammu & Kashmir	23	3880	5411	6	1194	228	104	35079	6227	133	41132	11886
11	Karnataka	143	38779	21176	381	20054	12071	415	13687	65549	939	193700	33690
12	Kerala	255	55416	41314	203	8736	7654	82	99811	45767	550	163963	94735
13	Madhya Pradesh	255	27717	23889	162	11376	11749	98	15261	6650	515	54353	42288
14	Maharashtra	84	12638	8687	709	34692	23647	282	186797	142297	1075	234127	174631
15	Manipur	32	6611	5377	0	0	0	9	3705	1548	41	10316	6925
16	Meghalaya	7	1362	0	0	0	0	0	10000	10000	7	11362	10000
17	Mizoram	3	481	1297	0	0	0	3	801	814	6	1282	2111
18	Nagland	7	1666	2057	0	0	0	1	64	13	8	1730	2070
19	Orissa	86	10119	10980	80	973	382	6	6587	13560	172	17679	24922
20	Punjab	28	6700	6694	50	1889	782	100	123026	94812	178	131615	102288
21	Rajasthan	364	47180	37213	177	10176	6362	195	127194	106040	736	164550	149615
22	Sikkim	0	0	0	0	0	0	0	0	0	0	0	0
23	Tamil Nadu	112	24047	21865	420	11323	9503	126	44994	25839	657	80365	57207
24	Tripura	30	4790	2978	0	0	0	7	1078	379	37	5868	3357
25	Uttar Pradesh	267	63695	33599	0	0	0	8	15873	10241	275	79568	43840
26	West Bengal	0	0	163	0	0	0	0	0	708	0	0	871
27	Total	2057	342245	251098	2669	150535	108494	1973	1128822	746997	5699	1621603	1106589

Annexure – III

KUTIR JYOTI PROGRAMME.

SL.	State	2000-2001		1999-00		1998-99		1997-98		1996-97		Total	
		Allocation to States	Grant drawn	Allocation to States	Grant drawn	Allocation to States	Grant drawn	Allocation to States	Grant drawn	Allocation to States	Grant drawn	Allocation to States	Grant drawn
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Andhra Pradesh	202	1391	280	541	400	867	300	440	350	457	1532	3696
2	Arunachal Pradesh	18	54	190	60	50	17	50	35	4	2	312	169
3	Assam	468	0	170	0	80	0	88	44	10	5	816	49
4	Bihar	1143	312	520	283	400	381	240	142	31	77	2334	1195
5	Goa	1	0	130	0	0	0	0	0	1	0	132	0
6	Gujarat	158	42	175	50	50	50	80	89	60	25	523	256
7	Haryana	98	0	115	0	0	0	0	1	5	2	218	3
8	Himachal Pradesh	40	32	100	38	120	49	50	34	38	24	348	177
9	Jammu & Kashmir	48	9	106	0	0	0	0	3	1	0	154	12
10	Karnataka	243	1411	210	1596	150	1120	800	360	650	277	2653	4764
11	Kerala	142	550	160	150	20	51	0	0	10	5	332	756
12	Madhya Pradesh	548	20	350	573	400	1038	584	584	615	628	2478	2823
13	Maharashtra	490	230	300	420	360	358	350	342	70	93	1570	1443
14	Manipur	32	0	105	0	50	90	80	40	1	0	268	130
15	Meghalaya	35	29	210	45	40	90	44	18	2	1	331	183
16	Mizoram	8	100	115	115	50	80	50	51	3	1	226	347
17	Nagland	24	78	125	113	50	50	20	26	1	1	220	268
18	Orissa	357	0	250	16	120	0	80	83	40	6	847	104
19	Punjab	45	25	110	50	50	50	50	50	10	15	265	190
20	Rajasthan	240	121	220	92	60	79	80	56	75	45	655	393
21	Sikkim	9	0	105	15	50	35	40	20	5	5	209	73
22	Tamil Nadu	308	364	270	341	400	358	320	276	436	477	1734	1836
23	Tripura	56	88	105	124	20	36	20	11	7	5	208	264
24	Uttar Pradesh	1257	2	640	3	320	0	248	150	12	6	2477	167
25	West Bengal	532	0	340	84	160	118	160	80	62	92	1254	374
26	UTs	0	0	0	0	0	0	0	1	0	0	0	1
	Grand Total	6500	4878	5400	4709	4000	4917	3694	2918	2500	2248	22094	19670

Annexure-IV

ANNEXURE - I

**TOUR AS ACTUALLY PERFORMED BY THE COMMITTEE ON PUBLIC
UNDERTAKINGS TO CHANDIGARH AND SHIMLA
FROM 2ND JULY, 2001 TO 6TH JULY, 2001**

(MEMBERS ASSEMBLED AT CHANDIGARH)

DATE & DAY	TIME	VISIT & DISCUSSION
2.7.2001 (Monday)	1500 hrs	Discussion with the Officers of Housing & Urban Development Corporation
	1700 hrs	Discussion with the Officers of National Building Construction Corp. Ltd.
(NIGHT HALT AT CHANDIGARH)		
3.7.2001 (Tuesday)	0915 hrs	Discussion with the Officers of Semi-Conductor Complex Ltd
	1430 hrs	Departure for Shimla by Road
	1800 hrs	Arrival Shimla
(NIGHT HALT AT SHIMLA)		
4.7.2001 (Wednesday)	1200 hrs	Discussion with the Officers of Rural Electrification Corporation Ltd.
(NIGHT HALT AT SHIMLA)		
5.7.2001 (Thursday)	1000 hrs	Discussion with the Officers of National Fertilizers Ltd.
(NIGHT HALT AT SHIMLA)		
6.7.2001 (Friday)	1000 hrs	Discussion with the Officers of Nahpa Jhakri Power Corp. Ltd
DISPERSAL		

ANNEXURE – V

**COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
WHICH VISITED CHANDIGARH AND SHIMLA
FROM 2ND TO 6TH JULY, 2001**

S. NO.	NAME	DATE OF JOINING	DATE OF LEAVING
1.	Prof Vijay Kumar Malhotra, Chairman	4.7.01 SHIMLA	7.7.01 SHIMLA
2.	Shri Prasanna Acharya	2.7.01 CHANDIGARH	6.7.01 SHIMLA
3.	Prof. S. P. Singh Baghel	2.7.01 CHANDIGARH	6.7.01 SHIMLA
4.	Shri Sudip Bandyopadhyay	3.7.01 CHANDIGARH	7.7.01 SHIMLA
5.	Shri Ram Tahal Chaudhary	2.7.01 CHANDIGARH	7.7.01 SHIMLA
6.	Shri Ajay Singh Chautala	2.7.01 CHANDIGARH	2.7.01 CHANDIGARH
7.	Shri Shiv Raj Singh Chauhan	2.7.01 CHANDIGARH	7.7.01 SHIMLA
8.	Smt. Sangeeta Kumari Singh Deo	3.7.01 CHANDIGARH	5.7.01 SHIMLA / 6.7.01 CHANDIGARH
9.	Shri Rajiv Pratap Rudy	2.7.01 CHANDIGARH	6.7.01 SHIMLA
10.	Shri Tarit Baran Topdar	3.7.01 SHIMLA	5.7.01 SHIMLA
11.	Shri Suresh Kalmadi	3.7.01 CHANDIGARH	5.7.01 SHIMLA / 6.7.01 CHANDIGARH
12.	Shri B. P. Singhal	2.7.01 CHANDIGARH	6.7.01 SHIMLA
13.	Smt Ambika Soni	2.7.01 CHANDIGARH	3.7.01 CHANDIGARH
14.	Shri Ranjan Prasad Yadav	2.7.01 CHANDIGARH	7.7.01 SHIMLA

SECRETARIAT

1. Shri S Bal Shekar,

Director

2. Shri L. N. Gaur,

Under Secretary

3. Shri Girdhari Lal,

Executive Asstt.

ANNEXURE – VI

**LIST OF OFFICIALS OF RURAL ELECTRIFICATION
CORPORATION LIMITED WHO WERE PRESENT DURING
DISCUSSION WITH THE COMMITTEE ON PUBLIC
UNDERTAKINGS AT SHIMLA ON 04.07.2001**

- | | | |
|----|-----------------------|----------------------------------|
| 1. | Shri Dhvakar Dev, IAS | Chairman –cum –Managing Director |
| 2. | Shri V.K.Khanna | Executive Director |
| 3. | Shri D.N.Khanna | General Manager (P&A) |
| 4. | Shri Abhay Misra | General Manager (Finance) |
-