

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:4216  
ANSWERED ON:07.08.2014  
RESTRUCTURING OF STATE ELECTRICITY BOARDS  
Rajesh Shri M. B.

**Will the Minister of POWER be pleased to state:**

- (a) whether the Union Government has taken any steps for the restructuring of the State Electricity Boards (SEBs);
- (b) if so, the details thereof and the present status thereof, State/UT-wise;
- (c) whether the Government has reviewed the impact of such restructuring and if so, the details thereof;
- (d) whether the financial position of SEBs has improved due to such restructuring and if so, the details thereof; and
- (e) whether tariff has gone up significantly in States where restructuring of SEBs in completed and if so, the reasons therefor and the steps taken by the Government in this regard?

**Answer**

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

(a) & (b) : Section 131 read with Section 172 of the Electricity Act 2003 provides for re-organization of State Electricity Boards. It further provides that the State Government may, by notification, authorise the State Electricity Boards to continue to function as the State Transmission Utility or a licensee for such further period beyond the period of one year as may be mutually decided by the Central Government and the State Government. State Electricity Boards in all 21 States have been reorganized.

(c) : Ministry of Power had awarded a study to the Indian Institute of Public Administrative (IIPA) on the impact of reorganization of the SEBs. The study concluded that `despite some short comings, the overall impact of restructuring has been positive and in the right direction`.

(d) : The main reasons for poor financial health of State Power Utilities are delayed revision of tariff, inadequate tariff increase, high AT&C losses etc. The change in the financial position of unbundled utilities such as Discoms primarily depends on how well these Discoms have addressed the issue of adequacy of tariff, AT&C losses etc.

As per Power Finance Corporation (PFC) Report on Performance of State Power Utilities for the years 2010-11 to 2012-13, the trend of aggregate losses incurred by all utilities covered in the report during 2010-11 to 2012-13 are as under:

Rs. Crores  
2010-11    2011-12    2012-13

Profit/ (Loss) after tax (52,569) (72,381) (68,085)  
on accrual basis

Profit/ (Loss) on (54,953) (76,633) (68,964)  
subsidy received basis

(e) : Tariff of distribution companies are determined by the State Electricity Regulatory Commissions/Joint Electricity Regulatory Commissions (SERCs/JERCs) based on the principles enunciated under the Electricity Act, 2003 and policies framed thereunder. There is no provision for direct regulation of the electricity tariff by the Government. However, the position of domestic consumer tariff of sanctioned load 4 KW and consume 400 Kwh/month for the years 2007 to 2014 is given at Annex.