GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4352
ANSWERED ON:18.12.2014
LOSSES TO PRIVATE POWER COMPANIES
Biju Shri Parayamparanbil Kuttappan

Will the Minister of POWER be pleased to state:

(a) the details of the accumulated losses of the power distribution companies of various States during each of the last three years including the current year, State-wise along with the reasons for such losses and the details of those power distribution companies which are earning profits;

(b) whether the Rural Electrification Corporation and the Power Finance Corporation are not able to make financial provisions for the loss incurring power distribution companies of various States;

(c) if so, the details thereof and the reasons therefor;

(d) whether the Government after conducting a review of the working of the profit earning power distribution companies has issued any advisory to the loss incurring power distribution companies in other States to follow their model; and

(e) if so, the details thereof along with the status of implementation of the same and other steps being taken by the Government to arrest the losses of various State power distribution companies?

Answer

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

(a) : As per Power Finance Corporation report on `Performance of State Power Utilities for the years 2010-11 to 2012-13` which has been submitted to Ministry of Power, based on the account details provided by the Utilities, a majority of the utilities selling directly to consumers have incurred losses during the period 2010-11 to 2012-13.

Based on the report, the aggregate profit/ losses incurred by all utilities selling directly to consumers during the period 2010-11 to 2012-13 are as follows:

```
     Rs. Crores.
   2010-11 2011-12 2012-13
Profit/ (Loss) after tax (49,577) (72,629) (69,108)
on accrual basis
Profit/ (Loss) on subsidy (51,948) (76,867) (69,972)
received basis
```

Details of profitability for utilities selling directly to consumers are enclosed at Annex-I.

Broadly, the reasons for losses incurred by utilities are due to the following:

Low metering/billing/collection efficiency: The gap between Actual Cost of Supply (ACS) and Average Revenue Realization (ARR) is on account of supply of electricity to agricultural and to some other select categories of consumers, who are billed either on flat rate basis or at subsidized rates and also due to theft and pilferage of electricity. Similarly, revenue collection is not made effectively, especially from the Government Departments, agricultural and rural consumers etc. This results in heavy losses and requires metering of every consumer with efficient meters, computerized billing and efficient revenue collection mechanism.

Theft, pilferage of electricity and tampering of meters: Electricity is stolen and pilfered through bypassing and tampering of electricity meters and by direct hooking of the LT lines. Majority of commercial losses are due to this reason.

Low accountability of employees: Low accountability of employees results in poor upkeep of equipment, poor metering, poor serving of bills and poor revenue realization. Fixing up of responsibility and making the employees accountable for losses and failures of network are the essential measures to reduce losses on this account.

Absence of Energy Accounting and Auditing: In the absence of effective energy accounting and auditing, utilities can never know the causes and locations of the technical or commercial loss. Effective energy audit with use of Information Technology (IT) is essential for effective action against theft and avoidable technical losses.

(b) & (c) : Rural Electrification Corporation and Power Finance Corporation provide financial lending to power Discoms as per their approved policy and procedures.

(d) & (e) : The measures taken by the Government to improve distribution of electricity and reduce the losses of SEBs/power distribution companies of the country are given at Annex-II.