

2

**RURAL ELECTRIFICATION
CORPORATION LIMITED**

MINISTRY OF POWER

**COMMITTEE ON
PUBLIC UNDERTAKINGS
1996-97**

ELEVENTH LOK SABHA



1952

**LOK SABHA SECRETARIAT
NEW DELHI**

SECOND REPORT
COMMITTEE ON PUBLIC
UNDERTAKINGS
(1996-97)

(ELEVENTH LOK SABHA)

RURAL ELECTRIFICATION
CORPORATION LIMITED

MINISTRY OF POWER

*[Action Taken by Government on the recommendations contained in the
54th Report of the Committee on Public Undertakings (10th Lok Sabha)]*



Presented to Lok Sabha on 18.12.1996.
Laid in Rajya Sabha on 18.12.1996.

LOK SABHA SECRETARIAT
NEW DELHI

December, 1996/Agrahayana, 1918 (Saka)

C.P.U. No. 781

Price: Rs. 14.00

© 1996 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eighth Edition) and Printed by the Manager, Photo Litho Unit, Govt. of India Press, Minto Road, New Delhi.

CONTENTS

		Page
COMPOSITION OF THE COMMITTEE		(iii)
INTRODUCTION		(v)
CHAPTER I	Report	1
CHAPTER II	Recommendations/observations that have been accepted by Government	9
CHAPTER III	Recommendations/observations which the Committee do not desire to pursue in view of Government's replies	17
CHAPTER IV	Recommendations/observations in respect of which replies of Government have not been accepted by the Committee	18
CHAPTER V	Recommendations/observations in respect of which final replies of Government are still awaited.	22
APPENDICES		
	I. Minutes of 6th sitting of Committee on Public Undertakings (1996-97) held on 28.11.1996	26
	II. Analysis of Action Taken by Government on the recommendations contained in 54th Report (10th L.S.) of Committee on Public Undertakings (1995-96)	27

**COMMITTEE ON PUBLIC UNDERTAKINGS
(1996-97)**

CHAIRMAN

Shri G. Venkat Swamy

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Shri Parasram Bhardwaj
4. Shri O. Bharathan
5. Shri Somjibhai Damor
6. Shri Qamarul Islam
7. Shri Pramod Mahajan
8. Shri Priya Ranjan Das Munshi
9. Shri Banwarilal Purohit
10. Shri Manabendra Shah
11. Shri P. N. Siva
12. Smt. Sushma Swaraj
13. Shri Brij Bhushan Tiwary
14. Prof. (Smt.) Rita Verma
15. Shri Ram Kripal Yadav

Rajya Sabha

16. Shri S.S. Ahluwalia
17. Shri Kishore Chandra S. Deo
18. Shri Deepankar Mukherjee
19. Shri Vayalar Ravi
20. Shri Solipeta Ramachandra Reddy
21. Smt. Kamla Sinha
22. Shri Maheshwar Singh

SECRETARIAT

1. Dr. A.K. Pandey — *Adl. Secretary*
2. Shri J.P. Ratnesh — *Jt. Secretary*
3. Smt. P.K. Sandhu — *Director*
4. Shri P.K. Grover — *Deputy Secretary*

INTRODUCTION

1. the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this 2nd Report (Eleventh Lok Sabha) on Action Taken by Government on the recommendations contained in the Fifty-fourth Report of the Committee on Public Undertakings (Tenth Lok Sabha) on Rural Electrification Corporation Limited.

2. The Fifty-fourth Report of the Committee on Public Undertakings was presented to Lok Sabha on 12 March, 1996. Replies of the Government to all the recommendations contained in the Report were received on 14th October, 1996. The Committee on Public Undertakings considered and adopted this Report at their sitting held on 28th November, 1996.

3. An analysis of the Action Taken by the Government on the recommendations contained in the 54th Report (Tenth Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;
11 December, 1996

20 Agrahayana, 1918 (S)

G. VENKAT SWAMY,
Chairman,
Committee on Public Undertakings.

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Fifty-fourth Report (Tenth Lok Sabha) of the Committee on Public Undertakings on Rural Electrification Corporation Ltd. which was presented to Lok Sabha on 12th March, 1996.

2. Action taken Notes have been received from Government in respect of all the 20 recommendations contained in the Report. These have been categorised as follows:

(i) Recommendations/observations that have been accepted by Government.

Sl. Nos. 1, 2, 5, 6, 8, 10, 14, 15, 17, 18 and 20.

(ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's replies.

NIL

(iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee.

Sl. Nos. 7, 9, 13, and 19.

(iv) Recommendations/observations in respect of which final replies of Government are still awaited.

Sl. Nos. 3, 4, 11, 12 and 16.

3. The Committee desire that the final replies in respect of the recommendations for which only interim replies have been given by Government should be furnished to the Committee expeditiously.

4. The Committee will now deal with the action taken by Government on some of their recommendations.

A. Definition of Electrified Village

(Recommendation Sl. No. 3, Paragraph No. 3)

5. The Committee had observed that according to the present definition of village electrification, a village is said to be electrified if at least one service connection has been provided within the revenue boundary of the village. On the basis of this definition, 86% of villages were said to have been electrified though only 31% of households have been covered. Even though there was great deal of demand for connections, the availability of

power was not adequate to meet the demand. The Committee opined that the purpose of rural electrification could be said to have been achieved only when the electricity was proximate and available on demand. This admittedly rendered the claims of rural electrification unrealistic. The Committee, therefore, recommended that as agreed to by the Secretary, Power, the term village electrification should be redefined in consultation with the State Governments, CEA, SEBs etc. and they be apprised of the outcome within three months of presentation of the Report.

6. In their reply the Government have stated that the definition of village electrification has been reviewed in consultation with State Electricity Boards, CEA and REC on 11th November, 1995 and after protracted discussions, a unanimous decision was taken to redefine the village electrification as under:

“A village will be deemed to be electrified if the electricity is used in the inhabited locality within the revenue boundary of the village for any purpose whatsoever.” Subsequently views of Planning Commission were sought and discussed in May, 1996. It was decided that this definition will be recommended to the SEBs for adoption after obtaining the approval of Minister of Power.

7. The Committee are constrained to observe that the Government have not so far been able to adopt a new and realistic definition of village electrification even after a recommendation to this effect was made by the Committee. Although a unanimous decision in consultation with State Electricity Boards, CEA and REC is stated to have been taken in November, 1995 in regard to the new definition of village electrification, the same does not seem to have been adopted by all the State Electricity Boards. The Committee recommend that this should be done within three months of presentation of this Report and the number of villages electrified as per the new definition ascertained under intimation to the Committee.

B. Pump Set Energisation

(Recommendation Sl. No. 7, Paragraph No. 7)

8. While emphasising the importance of Pump set energisation for utilisation of ground water resources, the Committee had observed that out of total estimated potential of 145 lakh pump sets in the country, 107.07 lakh pump set have been energised by the end of March, 1995 utilising 74% of the potential. This includes 61.9 lakh pump sets energised under REC programme. Of the balance potential, nearly 60% was stated to be in the States of U.P., Bihar, Orissa and West Bengal. The Committee had recommended that REC in consultation with the State Governments should prepare a time bound programme for energising all the potential pump sets in the country including the north-eastern states. In order to achieve this target a high level monitoring

Committee might be set up consisting of representatives of Ministry of Power, REC, SEBs and other concerned State Government agencies.

9. In their reply, the Government have stated that according to re-assessment of ground water potential recently made by Central Ground Water Board, the revised pump set potential was estimated at 196 lakhs pump sets. Out of this 111 lakhs pump sets have been energised by the end of March, 1996 representing 56% of the revised pump sets potential. At present, about 3 to 4 lakh pump sets are being energised annually in the country. The corporation has initiated a dialogue with NABARD and participating Commercial Banks to step up allocation for pump sets energisation under participative SPA programme of REC. At present, to review the progress of pump set energisation under SPA programme, co-ordination committees at State levels with representatives of REC, NABARD, SEBs and participative commercial banks are functioning. Ministry of Power reviews the progress of implementation of rural electrification programme through REC on quarterly basis which *inter-alia* covers the programme of pump sets energisation. In these quarterly review meetings taken by Secretary (Power), representatives from REC, Central Electricity Authority and Planning Commission participate.

10. The Committee are not satisfied with the reply furnished by Government. The Committee had specifically recommended that a time bound programme for energisation of the potential pump sets in the country should be prepared and it should be monitored by a high level Committee consisting of representatives from Ministry of Power, REC, SEBs and other concerned State Government agencies. The reply of Government is silent in regard to preparation of time bound programme for energisation of the potential pump sets and setting up of a high level monitoring Committee. Instead it has been mentioned that the programme of pump set energisation is reviewed by the Ministry of Power as a part of review of overall progress of implementation of rural electrification programme through REC. The Committee, therefore, reiterate their earlier recommendation that a time bound programme for energisation of the potential pump sets should be prepared and a high level monitoring Committee should be set up to review its progress and the Committee may also be informed of the action taken in this regard.

C. Closure of Schemes

(Recommendation No. 9, Paragraph No. 9)

11. The Committee had been informed that out of 29412 REC schemes of various categories sanctioned since 1969, 19423 schemes were stated to have been accepted for closure upto 31.3.1995. The Committee were surprised to learn that a scheme was treated as closed even if the targets prescribed thereunder had not been achieved. Although a replacement scheme was submitted by the SEB to REC to complete the unfinished targets of closed scheme, it was strange that such scheme was considered

to be a new scheme. In the opinion of the Committee this was misleading in as much as this would result in artificial inflation in the number of REC schemes. They regretted to note that the data relating to schemes which had been completed upto 31.3.1995 as originally envisaged was not available with REC. The Committee desired that such analysis should be completed expeditiously and the Committee be informed of the results within three months. From the analysis of schemes closed upto 31.3.1991, it was seen that only 49 per cent of the closed schemes had achieved their targets fully. The Committee, recommended that in order to depict a true picture of the progress of REC schemes without merely increasing their number, the general practice of extending the time schedule and seeking more funds for an unfinished scheme should be resorted to by REC also.

12. In their reply the Government have stated that the area schemes sanctioned by the Corporation are to be closed after the prescribed period is over, irrespective of the number of villages actually covered under the scheme. To complete the unfinished targets and also take up works and services for further utilisation of load growth potential in the area, Replacement Schemes are sanctioned. In view of this, the replacement schemes are termed as new schemes in view of changed circumstances and revised targets and objectives.

13. The Government have also stated that the recommendation of the Committee about analysis of schemes closed up to 31.3.1995 has been noted and all out efforts are being made to complete the work at the earliest. REC is contemplating to recommend to the SEBs to formulate District-wise schemes, keeping in view the Committees' recommendations.

14. The Committee are unable to understand why it should be necessary to close a sanctioned scheme just because the prescribed period is over, irrespective of the number of villages actually covered under the scheme. Although a replacement scheme is sanctioned to complete the unfinished targets under the original scheme, this merely leads to artificial inflation in the number of schemes as pointed out earlier by the Committee. The Committee, therefore, reiterate that in order to depict a true picture of progress of REC schemes, a scheme should be continued until its targets are fulfilled, if necessary, by seeking extension of time schedule or providing more funds for the scheme instead of starting a replacement scheme in its place. The Committee also recommend that the analysis of data relating to schemes which have been completed as originally envisaged should be completed within three months of the presentation of this report under intimation to them.

D. Provision of Funds for REC Schemes (Recommendations Sl. Nos. 11&12, Paragraph Nos. 11&12)

15. The Committee had noticed that under the Minimum Needs Programme, a part of the funds was provided as grant and the other part

as loan to the States. In view of the fact that most of the identified backward areas including tribal areas were covered under MNP, the Committee had recommended that funds to REC should be provided on grant-cum-loan basis in the ratio of at least 50:50. The Committee had also expressed concern over the fact that the rate of interest on MNP funds which was 8% earlier had gone upto 12% which was equal to the rate under normal budgetary support. They had, therefore, recommended that the interest on loan component of funds provided under MNP should be appreciably lower than the interest under normal budgetary support.

16. The Government have stated in their reply that Ministry of Finance and Planning Commission have been requested by the Ministry of Power to review the position and agree to the proposal of providing MNP funds as grant or mix of grant-cum-loan for accelerating the pace of rural electrification in backward areas. The need for these funds has also been emphasised as the balance of villages to be electrified are remote and are unremunerative and they required funds in the form of grants. It has also been stated that Rural Electrification Corporation has requested the Government that the rate of interest on MNP should be lower than the interest rate charged on normal loan.

17. The Committee express their displeasure over the inordinate delay in taking the decision in the matter and strongly recommend that the final decision in regard to provision of MNP funds to REC as a mix of grant-cum-loan in the ratio of 50:50 and charging lower rate of interest on MNP funds should be taken at the earliest and the Committee should be informed of the same.

E. Interest on OECF Loan (Recommendation Sl. No. 13, Paragraph No. 13)

18. The Committee were apprised that for implementation of power system improvement and small hydro electric projects for which REC is one of the executing agencies, the Government of India received loan from Overseas Economic Cooperation Fund (OECF) at the rate of 2.5% p.a. with a 10 year moratorium period and this loan is to be repaid in 30 years. The Committee were concerned to learn that REC in turn is provided loan at the rate of 12% p.a. with a moratorium period of 5 years and with a repayment period of 15 years. The SEBs received loan from REC at the rate of 14 to 16% p.a. with a moratorium period of 2 years and a repayment period of 7 to 8 years. The reasons for charging high rate of interest from REC compared to the one at which Government of India gets the loan was stated to be that Government of India absorbs all the foreign exchange risks on this loan. In view of the fact that the loan was meant for implementation of power system improvement schemes in rural areas, the Committee recommended that the rate of interest charged from REC by Government of India should be substantially reduced and the moratorium period also increased so that the REC can in turn provide the

loans to SEBs at a lower rate of interest and for a longer moratorium period.

19. The Government in their reply have stated that the reason for charging the interest of 12% from REC for OECF loan is that Government of India has to absorb all the Foreign Exchange risks and has to work out the average cost of borrowing based on the various loans that are taken from different multilateral and bilateral agencies. Ministry of Power, has, however, referred the matter of reducing the rate of interest on OECF loan to REC, to Ministry of Finance.

20. The Committee are not convinced that against the rate of interest of 2.5% on the loan sanctioned by OECF to Government of India, REC is provided loan by Government at 12%, merely because the Government has to absorb all the foreign exchange risks and is to work out average cost of borrowing based on various loans taken from different multinational and bilateral agencies. The ultimate objective should be to provide loans to SEBs at the minimum possible rate of interest. The Committee, therefore, recommend that the rate of interest charged from REC by Government of India should be substantially reduced and the moratorium period should also be increased so that the REC can in turn provide loans to SEBs on comparatively softer terms. They also desire that the decision taken in the matter should be intimated to the Committee.

F. Rural Electric Co-operatives (Recommendation Sl. No. 18, Paragraph No. 18)

21. One of the main objectives of REC was to promote and finance rural electric co-operatives in the country. However, the Committee had noticed that only 38 Rural Electric Co-operatives in 11 States have so far been promoted by the Corporation. Thus, the Progress in regard to setting up of co-operatives was tardy in spite of their performance being favourable *vis-a-vis* the REC schemes operating in the district in which the respective cooperative societies were located both in regard to pump set energisation and other services. The Committee had recommended that the REC Ministry of Power should persuade the State Governments to set up more and more of such co-operatives. In order to give a boost in this direction, REC should work out a modal scheme for rural co-operatives and try to solve the various bottlenecks in their operation.

22. In their reply, the Government have stated that the promotion and development of RE co-operatives in a State is mainly dependent upon the State Government and its policies in this regard. Based on the performance of REC co-operatives in the State where they are successfully operating, REC has taken up the matter with the concerned State Governments to promote more RE co-operatives. It has also taken up the matter with the other States to promote and encourage RE co-operatives in their areas for distribution of electricity. The Corporation is taking corrective action from time to time to sort out the problems of the non-

performing of RE co-operatives and helps them in getting necessary support from SEBs and State Governments.

23. The Committee while taking note of the efforts being made by REC to promote the formation of more rural electric co-operatives would emphasize the need for evolving a model scheme for rural co-operatives so that it can be easily adopted by the State Governments/SEBs.

**G. Small Power Generation
(Recommendation Sl. No. 19, Paragraph No. 19)**

24. The Committee were informed that exploitation of local generation sources and supplying power to the nearby loads was more economical and effective than the transmission of power over longer distances to the load centres or to isolated pockets of meagre loads. But such sources were not being exploited for want of appropriate lending window. The Committee had recommended that in view of the Government permitting the REC to take up funding of upto 15 MW mini/micro hydel and gas based power projects and non-conventional energy projects on regular basis, the REC should come forward in a big way in financing such small generation projects. They had also desired that the total potential for small generation available in various States and the sites where it could be exploited should be identified expeditiously. They had also recommended greater coordination among the Ministry of Non-Conventional Energy Sources (MNES) which is a nodal agency for such schemes, Indian Renewable Energy Development Agency (IREDA) and REC for harnessing such potential. The feasibility of earmarking certain funds for REC out of the grants being given by MNES should also be examined. They had also desired that the leasing of equipment to co-operatives in Sugar Sector should also be examined.

25. In their reply the Government have stated that keeping in view the urgency for application of new and renewable sources of energy for rural electrification programme, the Corporation has recently created a separate 'Appraisal Division' comprising multi-disciplinary team of officers for the purpose. Action with regard to identification of small hydel generation potential sites in various States has been initiated. While electrification of remote villages is expected to be based on SPV system, mini/micro hydel generation biomass system, hybrid system (also including the use of diesel) etc, augmentation of power supply may be possible through small hydel generation, co-generation and wind energy. REC is stated to have already received some proposals from the Co-operatives and private sectors in the matter. It has also initiated action for co-operation among REC, IREDA and MNES and has applied for grant of intermediary status to IREDA to enable it to channelise funds for the development of renewable energy sources in rural areas. During the year 1996-97, an allocation of Rs. 35 crores has been planned for RE co-operatives and diversification programmes of REC.

26. The Committee are constrained to observe that the identification of total potential for small generation available in various States has not so far been completed. They recommend that such identification should be completed within three months of the presentation of this Report under intimation to the Committee. They also desire that they be apprised of the action taken in regard to leasing of equipment to co-operatives in Sugar Sector.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1, Paragraph No. 1)

Rural Electrification Corporation set up in July, 1969 was conceived mainly to provide financial assistance for rural electrification with a view to utilising ground water resources through energisation of pump sets for agricultural production. In 1974, when the Minimum Needs Programme(MNP) was taken up, the role of the Corporation was enlarged to optimise the development potential of the areas covered under MNP and to extend the benefit of electricity to as large a population as possible. Presently the Corporation is primarily engaged in administering the moneys received from Government of India and other sources for the purpose of financing rural electrification schemes in the country. Although, 86 per cent of the villages are stated to have been electrified as per the present definition of electrification of a village and 74 per cent pump set potential exploited as on 31st March, 1995, there is still much to be done as brought out in the succeeding paragraphs.

Reply of the Government

Rural Electrification is a continuing process and efforts are on to cover all the balance un electrified villages and exploit untapped groundwater potential.

[Ministry of Power, OM. NO. 46/1094-D(RE) Vol. III, dated
7th October, 1996]

Recommendation (Sl. No. 2, Paragraph No. 2)

The Committee are informed that REC schemes are formulated on the basis of viability criteria prescribed for different categories of projects. Based on the Planning Commission's allocations, it is the State Electricity Boards and State Governments who decide on how the annual resources are to be spent. Although the allocations are routed through REC, no specific targets are fixed for sanction of various schemes. The Committee are of the opinion that in the case of schemes to be implemented with REC assistance, depending upon the requirements of a particular State, REC should specify the amount to be spent by that State on different categories of schemes.

Reply of the Government

Based on the State-wise financial outlays and physical programme of village electrification and pump sets energisation fixed by the Planning Commission during each year, scheme-wise details of works to be carried out and allocation of amount is decided by Rural Electrification Corporation (REC) at the beginning of the each year in the Annual Works Programme Meetings with the representatives of the State Electricity Boards/Electricity Departments and State Governments and with heads of its own Project Offices in the States.

[Ministry of Power, O.M. No. 46/1094-D(RE) Vol. III, Dated the 7th October, 1996]

Recommendation (Sl. No. 5, Paragraph No. 5)

According to the present guidelines, out of the total plan outlay of Ministries/Departments, 16% should be set apart for Scheduled Caste population and 8% for Scheduled Tribes and used for programmes and schemes related to the development needs and priorities of these two weaker sections of the population. However, the Committee are constrained to observe that no separate percentage of funds was being allocated for Harijan Bastis and Tribal villages under REC schemes, although the Planning Commission has been insisting on Central Ministries to formulate separate Tribal Sub-Plan (TSP) and Special Component Plan (SCP) on yearly basis. It is only during the current year (1995-96) that Rs. 127 crore is stated to have been tentatively earmarked for electrification of 884 Tribal villages and 2784 Harijan Bastis. The Committee deprecate that such earmarking of funds was not being done by the Ministry during all these years although the guidelines in this regard were issued as far back as in March, 1985. They desire that such allocations should continue to be made every year.

Reply of the Government

The earmarking of Plan funds for TSP and SCP will be ensured as desired by the Committee on year to year basis.

[Ministry of Power, O.M. No. 46/1094-D(RE) Vol. III, Dated the 7th October, 1996]

Recommendation (Sl. No. 6, Paragraph No. 6)

Government of India through REC launched a programme in 1988-89 called 'Kutir Jyoti' for extending single point connections to the households of rural poor falling below the poverty line including Harijan and Adivasi families. The Committee are surprised to observe that after implementing the scheme for two years the scheme remained suspended for two years in 1990-91 and 1991-92 for reasons best known to Government. Even when the programme was revived in 1992-93, it was not taken up in right earnest. While most of the States have requested for more grants for this programme, the outlay for the same has been scaled down to Rs. 5 crore

each for 1994-95 and 1995-96 against Rs. 10 crores to 15 crores in the earlier years. The funds have also been disbursed to REC quite late in the respective financial years. In view of the importance of this scheme for the rural poor falling below the poverty line, *the Committee recommend that the allocation under this scheme should be substantially increased and its timely availability ensured.*

Reply of the Government

During 1995-96, Government increased the allocation for Kutir Jyoti Programme to Rs. 25 crores from the earlier allocation of Rs. 5 crores. Even during 1996-97, an allocation of Rs. 25 crores for 'Kutir Jyoti' has been provided. Efforts would be made to ensure timely payments in accordance with the guidelines on the subject.

[Ministry of Power, O.M.No. 46/1094-D(RE) Vol. III, Dated the 7th October, 1996]

Recommendation (Sl. No. 8, Paragraph No. 8)

The availability of adequate power for the pumpsets is of paramount importance. While REC insists on a minimum of six hours continuous supply in a day for the pumpsets, this stipulation is not reportedly being followed. Not only that, there are problems of low voltage and erratic power supply. Admittedly, neither the quantity of power is adequate nor the quality is efficient. The Committee need hardly emphasise that in order that the purpose of pumpset energisation is achieved, adequacy of power in the rural sector has to be ensured. They would, therefore, *recommend that all out efforts in this regard including setting up of small generation projects should be made to ensure the minimum availability of power for the pumpsets. They also suggest that the pumpsets drawing power from a particular source should be restored for optimum utilisation.*

Reply of the Government

Power supply to agricultural pumpsets is regulated by State Electricity Boards as per the priorities accorded by State Government from time to time for supply of power to agricultural sector based on availability of Power. REC on its part also insists that the SEBs ensure minimum fixed hours of supply during a day to agricultural pumpsets and also monitors the same through its Project Offices in the States.

REC has taken up financing of small hydel generation and other non-conventional sources of energy projects for augmenting power supply in rural areas.

[Ministry of Power, O.M.No. 46/1094-D(RE) Vol. III, Dated the 7th October, 1996]

Recommendation (Sl. No. 10, Paragraph No. 10)

In view of the importance of carrying electricity to the remaining villages in the remote areas at the earliest and to sustain the other schemes related therewith, it is obvious that sufficient funds will have to be provided. However, the Committee are unhappy to observe that against an outlay of Rs. 11,979 crore recommended by the Working Group appointed by Planning Commission on REC for the Eighth Five Year Plan, an outlay of only 4000 crores (both under REC and State Plans) was approved. This is reportedly not commensurate with the task since the requirement of funds merely for electrification of remaining villages would be Rs. 16000 to Rs. 18000 crores. The Committee, therefore, *recommend that the Government should find ways and means to step up substantially the availability of funds for REC Programme.*

Reply of the Government

To accelerate the pace of rural electrification and complete the remaining task of unelectrified villages which are in remote and difficult areas and exploit fully the balance pumpsets potential, the Sub-Group on Rural Electrification for the Ninth Five Year Plan has set out plans and programmes which among others include electrification to about 30,000 villages and energisation of 20 lakh pumpsets during the Ninth Plan period. The Sub-Group has recommended an outlay of Rs. 18,000 crores for taking up RE programme which *inter-alia* include Village electrification, Pumpset energisation, System improvement, Household hamlet/Harijan basti electrification, Rural Electric Cooperatives, Small Power Generation, Technology upgradation etc.

To augment the resources a proposal for deducting REC's dues payable by the SEBs, through Central appropriation has been moved for consideration of the Government.

[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the
7th October, 1996]

Recommendation (Sl. No. 14, Paragraph No. 14)

The Committee have been informed that in order to augment its resources, REC through the Ministry of Power, approached the Ministry of Finance for increasing the allocation of SLR Government guaranteed bonds approved by RBI from Rs. 54 crores to Rs. 100 crores. A final decision in the matter has still not been taken. The Committee desire that in view of the need for augmenting the funds position of REC, a decision in the matter should be taken within three months of presentation of this Report and they be apprised of the same.

Reply of the Government

For the year 1992-93, the Corporation was allocated an amount of Rs. 30 crores by Ministry of Finance. Considering the maturity of the earlier bonds it was decided by the RBI to allocate an additional amount of Rs. 25.02 crore to REC. In all, an allocation of Rs. 55.02 crores was made to the Corporation during that year. The issue of the Corporation was subscribed to the extent of Rs. 100 crores. The Corporation had requested for retention of over subscribed amount. The retention was not allowed by the RBI. During the year 1992-93, the Corporation was also allocated tax-free bonds to the extent of Rs. 50 crores. Due to the tight market position, the Corporation was not able to raise the bonds within the financial year 1992-93. The Corporation was permitted to raise the bonds during the next financial year. Thus during the year 1993-94, the REC was asked to mobilise Rs. 150 crores through tax-free bonds. The Corporation was able to mobilise the amount in full.

[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the
27th June, 1996]

Recommendation (Sl. No. 15, Paragraph No. 15)

The Committee are concerned to note that the profitability of the Corporation has been showing a declining trend after 1991-92. During 1991-92, it earned a profit of Rs. 86.41 crores which has gradually come down to Rs. 19.27 crore during 1994-95. The main reason for the decline in performance has been stated to be the non-recovery of the Corporations dues from some of the SEBs in the last few years. The outstanding including interest which were at the level of Rs. 130 crore at the end of March, 1990 shot upto Rs. 850 crores at the end of March, 1995 and are expected to go upto Rs. 1200 crores by the end of 1995-96. Electricity Boards of seven states viz. Assam, Bihar, M.P., Meghalaya, Orissa, U.P. and West Bengal account for as much as about Rs. 844 crore of the outstandings at the end of March, 1995. The mounting increase in overdues has not only affected the profitability of REC, but has also put constraints on its debt servicing commitments to Government.

Reply of the Government

Ministry of Power and REC are making all out efforts at the highest levels to persuade the concerned State Governments and SEBs to pay their outstanding dues so that REC is able to honour its commitment of repayment of Government loans and interest thereon; meet its liabilities towards its bond holders and continue to lend to SEBs/Power Departments/RE Cooperatives for Rural Electrification works. A proposal

for deducting REC's outstanding dues through Central appropriation have also been moved for consideration of the Government.

[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the 7th October, 1996]

Recommendation (Sl. No. 17, Paragraph No. 17)

The Committee have been given to understand that there is no proper tariff structure in agricultural sector. The matter has been discussed in the Power Minister's Conference from time to time and in April, 1992, the minimum tariff of 50 paise per unit was recommended. But as on 1.3.1995, out of 26 States only in 13 States the agricultural tariff was 50 paise or more. In three States it was completely free. In 1993-94, the gap between average cost of power supply and the average realisation from agriculturists was as much as Rs. 1.35 per unit. *The Committee would suggest that an independent tariff regulatory commission should be set up which should fix reasonable tariff in terms of efficiency. In case any State wishes to fix lower tariff, it should subsidise the SEB to that extent.*

Reply of the Government

As per the provision of Electricity (Supply) Act, 1948, the powers for fixing the electricity tariff entirely rests with the State Electricity Boards, who approach the State Government concerned for concurrence. The Central Government has no role in fixing retail sale of electricity applicable to any category of consumers including agricultural sector.

2. The State Government has been traditionally subsidising the electricity supplied to the Agricultural sector, in view of the need to boost foodgrain and other agricultural production in the country.

3. In 1991, Government of India, in a conference of Power Ministries, advocated fixation of minimum tariff of 50 paise/KWH for agriculture use in all the States. In the Power Minister's Conference held on 8th and 9th January, 1993, one of the item on action plan was reiteration that the agricultural tariff all over the country be immediately revised to a minimum of 50 paise/KWH. 21 States and UTs now have a minimum tariff of 50 paise/KWH for Agricultural pumpsets. However, the Govt. of India had taken up the matter repeatedly with the State Governments/State Electricity Boards to fix the tariff in such a manner so that it covers at least the cost of supply of power. The reform process for restructuring/strengthening of SEB's has begun which would, *inter-alia*, include setting up independent tariff regulatory commission.

[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the 7th October, 1996]

Recommendation (Sl. No. 18, Paragraph No. 18)

One of the main objectives of REC is to promote and finance Rural Electric Cooperatives in the country. However, only 38 Rural Electric

Cooperatives in 11 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 cooperatives when their performance is stated to be quite favourable *vis-a-vis* the REC schemes operating in the district in which the respective cooperative societies are located both in regard to pumpset energisation and other services. Thus out of the 38 cooperatives, 34 have since completed cent per cent electrification in their villages. The Committee are of the opinion that for the effective implementation of the programme of decentralised distribution of electricity, the cooperatives are ideally suited. REC/Ministry of Power should, therefore, persuade the State Governments to set up more and more such cooperatives. In order to give a boost in this direction, REC should work out a model scheme for rural cooperatives and try to solve the various bottlenecks in their operation.

Reply of the Government

The promotion and development of RE Cooperatives in a State is mainly dependent upon the State Government and its policies in this regard. The State Electricity Boards are also being requested to set up more RE Cooperatives for decentralised distribution of power in rural areas and give them the areas on block/Tehsil/Taluk/District basis in which they may operate as licensees. Based on the performance of RE Cooperatives in the States where they are successfully operating, REC has taken up the matter with the concerned State Govts. to promote more RE Coops. It has also taken up the matter with the other States to promote and encourage RE Cooperative Societies in their areas for distribution of electricity. In order to sort out the problems of the non-performing RE Cooperatives, REC is taking corrective action from time to time and advises them regularly and helps in getting them necessary support from the SEBs and State Governments.

[Ministry of Powe. O.M. No. 46/10/94-D (RE) Vol. III, Dated the 7th October, 1996]

Comments of the Committee

(Please see paragraph 23 of Chapter I of the Report)

Recommendation (Sl. No. 20, Paragraph No. 20)

Due to the weak distribution system, the transmission and distribution (T&D) losses are stated to be high. Against a national average of T&D losses of around 23%, such losses in rural areas were estimated to be around 30% to 35%. *The Committee need hardly emphasise that efforts for minimising the T&D losses need to be intensified. In their view increasing the outlay on system improvement schemes further would be a worthwhile proposition in view of the anticipated long term gains.*

Reply of the Government

REC is now laying greater emphasis on financing and implementation of System Improvement Schemes which aim at reduction of line losses and improve the quality of supply to rural areas. Besides financing Integrated System Improvement projects under OECF credit, in selected States REC is also providing assistance to State Electricity Boards for taking up more and more system improvement schemes under normal allocation of funds. REC has approached the Planning Commission for providing increased allocation of funds to it for expanding system improvement programme in the States.

**[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the
7th October, 1996]**

CHAPTER III

**RECOMMENDATIONS/OBSERVATIONS WHICH THE
COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF
GOVERNMENT'S REPLIES.**

-NIL-

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 7, Paragraph No. 7)

Ground water resources is the most dependable source of irrigation and its utilisation through pumpset energisation cannot be over emphasised for increasing the agricultural production. The Committee are informed that out of the total estimated potential of 145 lakh electric pumpsets in the country, 107.07 lakh pumpsets have been energised by the end of March, 1995, utilising 74% of the potential. This includes 61.9 lakh pumpsets energised under REC programme. Of the balance potential, nearly 60% is stated to be in the States of UP, Bihar, Orissa and West Bengal. *The Committee recommend that REC, in consultation with the State Governments should prepare a time bound programme for energising all the potential pumpsets in the country including the North-eastern States. In order to achieve this target, a high level monitoring committee may be set up consisting of representatives from Ministry of Power, REC, SEBs and other concerned State Government agencies.*

Reply of the Government

According to the re-assessment of the ground water potential recently made by Central Ground Water Board (CGWB), the revised pumpset potential is now estimated as 196 lakh pumpsets. Out of this, 111 lakhs pumpsets have been energised by the end of March, 1996, which is 56% of the revised pumpsets potential. At present, about 3 to 4 lakh pumpsets are being energised annually in the country. Considering the importance being attached to the agricultural sector by the Government and the need for providing assured irrigation facilities through electric pumpsets, the Corporation has initiated a dialogue with NABARD and participating commercial banks to step up allocation for pumpset energisation under participative SPA Programme of REC. As regards the interest rate on these loans it has been moved to treat them as a priority sector. The positive response from NABARD and Commercial Banks if forthcoming, would help to step up the programme of pumpset energisation substantially.

At present, to review the progress of pumpsets energisation under SPA Programme, Coordination Committee at State level with representatives of REC, NABARD, SEBs and participative commercial banks are

functioning. Ministry of Power reviews the progress of implementation of rural electrification programme through REC on quarterly basis which inter-alia covers the programme of pumpsets energisation. In these quarterly review meetings taken by Secretary (Power) representatives from REC, Central Electricity Authority and Planning Commission participate.

[Ministry of Power O.M.No 46/10/94-D(RE) Vol.III, Dated the 7th October, 1996]

Comments of the Committee

(Please see paragraph 10 of Chapter I of the Report)

Recommendation (Sl. No. 9, Paragraph No. 9)

Out of 29412 REC schemes of various categories sanctioned since 1969, 19423 schemes are stated to have been accepted for closure upto 31.3.1995. The Committee are surprised to learn that a scheme is treated as closed even if the targets prescribed there under has not been achieved. Although a replacement scheme is submitted by the SEB to REC to complete the unfinished targets of closed scheme, it is strange that such scheme is considered to be a new scheme. In the opinion of the Committee this is misleading in as much as this would result in artificial inflation in the number of REC schemes. They also regret to note that the data relating to schemes which have been completed upto 31.3.1995 as originally envisaged was not available with REC. The Committee desire that such analysis should be completed expeditiously and the Committee informed of the results within three months. From the analysis of schemes closed upto 31.3.1991, it is seen that only 49 per cent of the closed schemes had achieved their targets fully. The Committee, therefore, recommend that in order to depict a true picture of the progress of REC schemes without merely increasing their number, the general practice of extending the time schedule and seeking more funds for an unfinished scheme should be resorted to by REC also.

Reply of the Government

It may be stated that the area schemes sanctioned by the Corporation are to be closed after the prescribed period is over irrespective of the number of villages actually covered under the scheme. To complete the unfinished targets and also take up works and services for further utilisation of loan growth potential in the area. Replacement Schemes are sanctioned. In view of this, the replacement schemes are termed as new schemes in view of changed circumstances and revised targets and objectives.

The recommendation of the Committee about analysis of schemes closed up to 31.3.1995 has been noted and all out efforts are being made to complete the work at the earliest. REC is contemplating to recommend to the SEBs to formulate District-wise schemes. Keeping in view the Committees' recommendations..

[Ministry of Power O.M. No. 46/10/94-D) (RE) Vol. III, Dated the 7th October, 1996]

Comments of the Committee

(Please see paragraph 14 of Chapter I of the Report)

Recommendation (Sl. No. 13, Paragraph No. 13)

For implementation of power system improvement and small hydro electric projects for which REC is one of the executing agencies, the Government of India received loan from Overseas Economic Cooperation Fund (OECF) at the rate of 2.5% p.a. with a 10 year moratorium period and this loan is to be repaid in 30 years. The Committee are concerned to learn that REC in turn is provided loan at the rate of 12% p.a. with a moratorium period of 5 years. The SEBs receive loan from REC at the rate of 14 to 16% p.a. with a moratorium period of 2 years and a repayment period of 7 to 8 years. The reasons for charging high rate of interest from REC compare to the one at which Government of India gets the loan was stated to be that Government of India absorbs all the foreign exchange risks on this loan. In view of the fact that this loan is meant for implementation of power system improvement schemes in rural areas, *the Committee recommend that the rate of interest charged from REC by Government of India should be substantially reduced and the moratorium period also increased so that the REC can in turn provide the loans to SEBs at a lower rate of interest and for a longer moratorium period.*

Reply of the Government

While the OECF has sanctioned the loan to Government of India at an interest rate of 2.5%, REC is provided the loan by the Government at 12%. The reason for this is that Government of India has to absorb all the Foreign Exchange risks and has to work out the average cost of borrowing based on the various loans that are taken from different multilateral and bilateral agencies. Ministry of Power has, however, referred the matter of reducing the rate of interest on OECF loan to REC, to Ministry of Finance.

[Ministry of Power O.M. No. 46/10/94-D(RE) Vol.III, Dated the 7th October, 1996]

Comments of the Committee

(Please see paragraph 20 of Chapter I of the report)

Recommendation (Sl. No. 19, Paragraph No. 19)

The Committee are informed that exploitation of local generation sources and supplying power to the nearby loads is more economical and effective than the transmission of power over longer distances to the load centres or to isolated pockets of meagre loads. But such sources were not being exploited for want of appropriate lending window. Now that the Government have permitted the REC to take up funding of upto 15 MW mini/micro hydel and gas based power projects and non-conventional energy projects on regular basis, the Committee expect the Corporation to come forward in a big way in financing such small generation projects. They also desire that the total potential for small generation available in various States and the sites where it can be exploited should be identified

expeditiously. There should also be greater coordination among the Ministry of Non-Conventional Energy Sources (MNES) which is the nodal agency for such schemes, Indian Renewable Energy Development Agency (IREDA) and REC for harnessing such potential. The feasibility of earmarking certain funds for REC out of the grants being given by MNES should also be examined. The Committee also desire that the leasing of equipment to cooperatives in sugar sector should also be examined and they be apprised of the results thereof.

Reply of the Government

Keeping in view the urgency for the application of new and renewable sources of energy for RE programme, the Corporation with a view to expanding the programme, has recently created a separate 'Appraisal Division' comprising multi-disciplinary team of officers for the purpose. Action with regard to identification of Small Hydel generation potential sites in various States has been initiated.

While electrification of remote villages is expected to be based on SPV System, Mini/micro hydel generation biomass system, hybrid system (also including the use of diesel) etc., augmentation of power supply may be possible through small hydel generation, co-generation and wind energy. REC has already received some proposals from the Cooperatives and private sectors in the matter.

The Corporation has initiated action for cooperation among REC, IREDA and MNES and has applied for grant of intermediary, status to IREDA to enable it to channelise funds for the development of renewable energy sources in rural areas. During the year 1996-97, an allocation of Rs. 35 crores has been planned for RE Cooperatives and diversification programmes of REC.

[Ministry of Power O.M.No. 46/10/94-D (RE) Vol. III, Dated the 7th October, 1996]

Comments of the Committee

(Please see paragraph 26 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 3, Paragraph 3)

According to the present definition of village electrification, a village is said to be electrified if at least one service connection has been provided within the revenue boundary of the village. On the basis of this definition, 86% of villages are said to have been electrified though only 31% of households have been covered. Even though there is great deal of demand for connections, the availability of power is not adequate to meet the demand. 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. That this admittedly not so, renders the claims of rural electrification unrealistic. The Committee, therefore, recommended that as agreed by the Secretary, Power the term village electrification should be redefined in consultation with the State Governments, CEA, SEBs etc., and they be apprised of the outcome within three months of presentation of this Report.

Reply of the Government

The definition of village electrification has been reviewed in consultation with State Electricity Boards, CEA and REC on 11th November, 1995 and after protarected discussions, a unanimous decision was taken to redefine the village electrification as under:—

“A village will be deemed to be electrified if the electricity is used in the inhabited locality within the revenue boundary of the village for any purpose whatsoever”. Subsequently views of Planning Commission was sought and discussed in May, 1996. It was decided that this definition will be recommended to the SEBs for adoption after obtaining the approval of Minister of Power.

[Ministry of Power OM No. 46/10/94-D (RE) Vol. III, dated the
27th June, 1996]

Comments of the Committee

(Please see paragraph 7 of the Chapter I of the Report)

Recommendation (Sl. No. 4, Paragraph No. 4)

The Committee have been informed that most of the villages which remain to be electrified are located in four States of UP, Bihar, Orissa and West Bengal. Most of the villages are widely scattered, thinly populated

and their geographical locations pose problems in the extension of electricity. Further because of poor financial viability of the programme, the SEBs on their own particularly in the absence of adequate financial support from the States might not be able to sustain the programme. *The Committee, therefore, recommend that as suggested by REC. Government should provide funds as mix of grant and loans for electrification of such villages. The feasibility of earmarking part of the plan funds for electrification of such remote areas should also be seriously examined. The Committee desire that small generation projects for generation of energy by non-conventional means in these areas should also be encouraged.*

Reply of the Government

Most of the unelectrified villages in the country which are located in the States of Uttar Pradesh, Bihar, Orissa, West Bengal and other backward regions including North-eastern States, may have to be taken up for electrification based on the least cost option either through extension of conventional grid power supply or through renewable sources of energy locally available. Further, most of the unelectrified villages are concentrated in MNP areas. Electrification of villages in these areas due to their remoteness and far off locations coupled with small load possibilities, is unremunerative to SEBs/State Government. The Minister of Power has taken up the issue of providing funds under MNP programme as grant on grant-cum-loan with the Planning Commission as well as with the Ministry of Finance. REC is also examining the issue of earmarking part of the MNP loan for electrification of villages based on small generation or other non-conventional sources of energy.

[Ministry of Power O.M. No. 46/10/94-D(RE) Vol. III, Dated the 7th October, 1996.]

Recommendation (Sl. No. 11, Paragraph No. 11)

The objective of Minimum Needs Programme was to extend essential benefits to the rural poor including electricity. Under the MNP, a part of the funds are provided as grant and the other part as loan to the States. In view of the fact that most of the identified backward areas including tribal areas are covered under MNP, there is certainly a case for providing MNP funds to REC on grant-cum-loan basis in the ratio of at least 50:50. *The Committee desire that a decision in this regard should be taken urgently under intimation to them.*

Reply of the Government

The Ministry of Power has referred the issue of providing MNP funds in the form of grant to the Planning Commission and Ministry of Finance. It was observed by the Planning Commission that since MNP funds are in the form of central assistance, to the States and are governed by the NDC formula, no change is possible at this state, although this could be reviewed at the time of formulation of the Ninth Plan proposal.

The Ministry of Power has requested Ministry of Finance and Planning Commission to review the position and agree to the proposal of providing MNP Funds as grant or a mix of grant-cum-loan for accelerating the pace of Rural Electrification in backward areas. The need for these funds has also been emphasised as the balance of villages to be electrified are remote and are unremunerative and, therefore, required as grants.

[Ministry of Power O.M. No. 46/10/94-D(RE) Vol. III, Dated the 7th October, 1996].

Comments of the Committee

(Please see Paragraph 17 of Chapter I of the Report)

Recommendation (Sl. No. 12, Paragraph No. 12)

It is also a matter of concern to note that the rate of interest on MNP funds which was eight percent earlier has gone up to 12 percent which is equal to the rate under normal budgetary support. *The Committee recommend that the interest on loan component of funds provided under MNP should be appreciably lower than the interest under normal budgetary support.*

Reply of the Government

Rural Electrification Corporation while requesting the Government to provide MNP funds to it as grant or grant-cum-loan in the ratio of 50:50, has also requested the Government that the rate of interest on MNP should be lower than interest rate charged on normal loan.

As indicated in Item no. 4 and 11, Ministry of Power is continuously pursuing the matter with Ministry of Finance and Planning Commission.

[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the 7th October, 1996].

Comments of the Committee

(Please see Paragraph 17 of Chapter I of the Report)

Recommendation (Sl. No. 16, Paragraph No. 16)

The Committee are informed that the failure of State Governments to release the subsidy amount due to the SEBs has resulted in the rise of outstandings due to REC. It has also been stated that insistence on any conditionality for recovering the dues might prove counterproductive in regard to achievement of its objectives since the major part of village electrification and pumpset energisation relates to the States which are lagging behind in rural electrification and have been defaulting in payments. The Committee desire that the Ministry of Power should persuade the State Governments to release the necessary funds to the SEBs for clearing their dues to REC, since in the ultimate analysis the States themselves are doing to benefit from the financial sound REC. The mechanism of sale and lease back' of assets of defaulting SEBs and compulsory adjustment of 80% of leased assets/sale towards REC's outstanding dues is also a step in the right direction. *However, the Committee recommend that the Central Appropriation from funds due to the States might also be resorted to as was done in 1992 in order to prevent the financial position of REC going from bad to worse.*

Reply of the Government

State Governments who are the guarantors of REC loans to the State Electricity Boards are continuously being requested by MOP & REC to render adequate assistance to their Boards which are defaulting in payment of REC dues and at the same time to take corrective action to improve their financial position by releasing a subsidy and/or revision of tariffs. A proposal for deducting REC's dues through Central Appropriation has also been moved for consideration of the Government.

[Ministry of Power O.M. No. 46/10/94-D (RE) Vol. III, Dated the
7th October, 1996]

NEW DELHI;
11, December, 1996

G. VENKAT SWAMY,
Chairman,
Committee on Public Undertakings.

20 Agrahayana, 1918 (Saka)

APPENDIX I

Minutes of Sixth sitting of Committee on Public Undertakings held on 28th November, 1996.

The Committee sat from 15.00 hrs. to 15.40 hrs.

PRESENT

Chairman

Shri G. Venkat Swamy

MEMBERS

2. Shri Parasram Bhardwaj
3. Shri O. Bharathan
4. Shri Qamarul Islam
5. Shri Banwarilal Purohit
6. Shri P.N. Siva
7. Smt. Sushma Swaraj
8. Shri Brij Bhushan Tiwari
9. Prof. (Smt.) Rita Verma
10. Shri Ram Kripal Yadav
11. Shri Deepankar Mukherjee
12. Shri Vayalar Ravi
13. Shri Solipeta Ramachandran Reddy
14. Smt. Kamla Sinha
15. Shri Maheshwar Singh

SECRETARIAT

1. Smt. P.K. Sandhu,—*Director*
2. Shri P.K. Grover,—*Deputy Secretary*

The Committee considered the draft report on Action Taken by Government on the recommendations contained in 54th Report of the Committee on Public Undertakings (1995-96) on Rural Electrification Corporation Limited and adopted the same.

2. The Committee authorised the Chairman of the Committee to finalise the Report on the basis of factual verification by Ministry/Undertaking concerned and to present the same to Parliament.

The Committee then adjourned.

APPENDIX II

Analysis of the Action Taken by Government on the recommendations contained in the 54th Report (10th L.S.) of the Committee on Public Undertakings (1995-96) on Rural Electrification Corporation Limited.

I. Total number of Recommendations	20
II. Recommendations/Observations that have been accepted by the Government (<i>vide</i> recommendations at Sl. Nos. 1, 2, 5, 6, 8, 10, 14, 15, 17, 18 and 20) Percentage to total	11 55%
III. Recommendations/Observations which the committee do not desire to pursue in view of the Government's replies (<i>vide</i> recommendations Sl. No.— Percentage to total	Nil 0%
IV. Recommendations/Observations in respect of which reply of Government have not been accepted by the Committee (<i>vide</i> recommendations at Sl. Nos. 7, 9, 13 and 19) Percentage to total	4 20%
V. Recommendations/Observations in respect of which final replies of Government are still awaited (<i>vide</i> recommendations at Sl. Nos. 3, 4, 11, 12 and 16)— Percentage to total	5 25%