

GOVERNMENT OF INDIA  
MINISTRY OF POWER

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.2367**  
TO BE ANSWERED ON 16.03.2021

**TACKLING PROBLEMS OF POWER DISCOMS**

**2367# MS. SAROJ PANDEY:**

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

- (a) whether Government is contemplating on doing away with the problems prevailing in the power distribution sector and to implement a policy and regulatory system for the companies operating in the sector;
- (b) the likely changes that might take place in this sector post implementation of the said policies and rules; and
- (c) the details thereof?

**A N S W E R**

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, NEW & RENEWABLE ENERGY AND THE MINISTER OF STATE FOR SKILL DEVELOPMENT & ENTREPRENEURSHIP

( SHRI R.K. SINGH )

**(a) to (c) :** Yes Sir, in the Union budget 2021-22, Government has announced a Revamped Reforms-based Result-linked Power Distribution sector Scheme with an outlay of ₹3,05,984 Crores over 5 years to provide assistance to DISCOMs for infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems, etc. and tied to financial improvements. The objective of the scheme is to improve the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution sector. The scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25.

In the Union Budget 2021-22, following announcement was also made:

“The distribution companies across the country are monopolies, either government or private. There is a need to provide choice to consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company.”

Pursuant to the Budget announcements, Government held a series of consultations with various stakeholders including State Governments, Electricity Regulators and Industry players, distribution franchisee and private Discoms. The proposed reform was also discussed in the Consultative Committee meeting held on 03.03.2021 wherein Hon’ble Members of Parliament welcomed the proposal. Based on the consultation done, a draft Electricity (Amendment) Bill, 2021 has been prepared.

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Also, recognizing the financial stress suffered by Power Sector due to pandemic COVID-19, Govt. of India had announced a Liquidity Infusion Scheme as part of Atma Nirbhar Bharat Abhiyan on 13<sup>th</sup> May, 2020 to tide over the liquidity crisis in power sector. Under the scheme, Power Finance Corporation (PFC) Ltd. and REC Ltd. have extended special long-term transition loans at concessional rates to Power Distribution Companies (DISCOMs) against the receivables of the Discoms from the State Government in the forms of electricity dues and subsidy not disbursed to clear their outstanding dues towards Central Public Sector Undertaking (CPSU) Generation (Genco) & Transmission Companies (Transcos), Independent Power Producers (IPPs) and Renewable Energy (RE) generators, as existing on 30.06.2020.

These reforms will have a positive impact on the operational efficiency and financial sustainability of the DISCOMs.

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