

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

STARRED QUESTION NO:152  
ANSWERED ON:28.11.2002  
PRIVATISATION OF STATE ELECTRICITY BOARDS  
HEMA GAMANG

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

- (a) the policy of the Government on privatisation of State Electricity Boards;
- (b) the number of State Electricity Boards privatized so far;
- (c) the objectives thereof and the extent to which these objectives have been achieved; and
- (d) the remedial steps taken/being taken by the State Government to achieve the objectives?

**Answer**

THE MINISTER OF POWER ( SHRI ANANT G. GEETE )

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 152 TO BE ANSWERED IN THE LOK SABHA ON 28.11.2002 REGARDING PRIVATISATION OF STATE ELECTRICITY BOARDS.

(a) to (d): State Electricity Boards (SEBs) are under the administrative control of the State Governments. The decision to privatise the SEBs, therefore, rests with the State Governments. The Government of India has however been encouraging States to undertake reforms so as to improve the health of the power sector. A conference of Chief Ministers`/Power Ministers` was organised in March 2001 wherein it was resolved to depoliticise power sector reforms and speed up their implementation. It was also recognised that the real challenge of reforms lies in distribution sector and that commercial viability has to be achieved in distribution through any or all of the following:

- Creating Profit Centres with full accountability
- Handing over of local distribution to Panchayats/Local Bodies/Franchisees/Users Associations, wherever necessary
- Privatisation of distribution
- Or any other means.

Private distribution companies have already been operating in various parts of the country, namely Calcutta Electric Supply Company (CESC) in Kolkata, Ahmedabad Electricity Company Limited in Ahmedabad, Surat Electricity Company Limited in Surat, Tata Power Company, Bombay Sub-urban Electric Supply Company Limited in Mumbai and Greater Noida Power Company in Greater Noida. These companies have been functioning smoothly over a period of time. Consequent to enactment of the Reform Acts, Orissa and Delhi have privatised distribution in their States. The distribution in Orissa was privatised in 1999 when the Transmission and Distribution (T&D) losses were very high, the billing and collection efficiency was very poor, the status of metering was not encouraging. Consequent on privatisation of distribution, signs of improvement on these and other operational levels are visible. The process of restructuring of the electricity industry including privatisation of distribution in Orissa was reviewed by the State Government and it was viewed that the upvaluation of the assets of the erstwhile State Electricity Board (SEB) was an error resulting in high cost of power. The State Government has sought to correct this error by keeping in abeyance the upvaluation.

In Delhi distribution has been privatised recently in July, 2002. It is too early to assess the impact of distribution privatisation in Delhi.