

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1850  
ANSWERED ON:08.03.2006  
RURAL ELECTRIFICATION PROGRAMME  
Thakkar Smt. Jayaben B.

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

(a) whether the Government has introduced a Franchisee Model in the Rural Electrification Programme for covering `Million households` within the next five years; and

(b) if so, the details of the above model?

**Answer**

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE )

(a) & (b) : Yes, Sir.

With a view to ensure revenue sustainability of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), deployment of franchisees for management of rural distribution has been made mandatory under the Scheme. The franchisee can be Non- Governmental Organizations (NGO), user associations, cooperatives or individual entrepreneurs. The Panchayats can also be associated. Franchisee arrangement can be for system beyond and including feeders from substation or from and including Distribution Transformer(s).

The system of franchisees is to be implemented in a phased manner by the State Governments/Power Utilities in order to reduce the commercial losses, improve revenue collection efficiency as also to provide door steps services to the consumers. The franchisees would be responsible for distribution of electricity within an identified contiguous area for a prescribed duration and for collection of revenue directly from the consumers. Based on the consumer mix and the prevailing consumer tariff and likely load, the Bulk Supply Tariff (BST) for the franchisee would be determined after ensuring commercial viability of the franchisee.

Rural Electrification Corporation (REC) Ltd. has circulated draft guidelines for franchisees development to all the State Governments/State Power Utilities covering various models of franchisees to be selected by respective power utility in line with the decision of concerned State Government. These guidelines also cover the major issues e.g. responsibilities, obligations and rights, qualifications, selection process, tariff determination, business plan of franchisees and involvement of Panchayat etc.