

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1554

ANSWERED ON:09.03.2007

PRIVATIZATION OF POWER DISTRIBUTION SYSTEM

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Will the Minister of POWER be pleased to state:

- (a) whether the Union Government proposes to privatize power distribution system in villages and small towns in the country, as reported in the Dainik Jagran dated January 25, 2007 ;
- (b) if so, whether the Government has cleared franchise system in this regard ;
- (c) if so, whether all the State Governments have given their consent for the proposal ;
- (d) whether any assessment of power transmission and distribution losses in villages and towns have been made ;
- (e) if so, the details thereof ;
- (f) whether the mega power policy is being amended to implement it; and
- (g) if so, the details thereof ?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : No, Sir. In order to ensure revenue sustainability of the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme to maintain the infrastructure being created and to provide uninterrupted quality power, deployment of franchisees has been made mandatory for management of rural distribution through franchisees who could be Non-Governmental Organizations (NGOs), Users Association, Cooperative or individual entrepreneurs. This helps in minimizing the Aggregate Technical and Commercial

(AT&C) losses besides improving the rural power distribution system.

Under Accelerated Power Development and Reforms Programme (APDRP), Ministry has also advised State Power Utilities to franchise electricity distribution system in such towns where Aggregate Technical and Commercial (AT&C) Losses are comparatively higher and the utility itself fails to reduce the losses significantly.

(c) :All the 27 States implementing RGGVY, having executed tripartite and quadripartite agreements, have consented to deploy franchisees for management of rural distribution system under RGGVY. REC as a nodal agency for RGGVY has circulated guidelines covering various models of franchisee to facilitate selection and deployment of franchisees in rural areas.

Under APDRP, during various reviews by the Ministry, Utilities have agreed to adopt franchisee system in towns running with high AT&C losses.

(d) & (e) : Yes, Sir.The assessment of Aggregate Technical and Commercial

(AT&C) losses has been done in the areas covered under APDRP. As reported by the Utilities, AT&C loss in 212 towns are less than 15%, in 125 towns in between 20% to 30%, in 82 towns in between 30% to 40% and 158 towns above 40%.

(f) & (g) : Under Mega power policy, a power plant can have a Mega power project status if it fulfils, inter alia, the condition that `the power purchasing States undertake, in principle, to privatize distribution in all cities, in that State, each of which has a population of more than one million, within a period to be fixed by the Ministry of Power.`