

# Govt clears Rs 1.6 lakh crore reforms for power discoms in 12 states, J&K

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NEW DELHI: The Centre has approved assistance of more than Rs 1.6 lakh crore for 12 states and the Union Territory of Jammu & Kashmir for implementing measures in power sector. These include installing smart meters, cutting line losses and erasing gap between cost of supply and revenue realisation, with the aim of restoring financial viability of discoms (distribution companies).

Sources said Rs 88,000 crore alone is for smart meters, a key element in the Centre's plan for tackling billing inefficiency and theft — major factors for the poor financial health of discoms. Tamil Nadu will be the biggest recipient on this count (Rs 19,235 crore), followed by Uttar Pradesh (Rs 18,956 crore). About Rs 75,000 crore is for measures to reduce line losses and developing institutional capabilities.

## UTTAR PRADESH TO GET ₹36K CRORE

States/UTs	For smart meters*	For loss reduction*
Andhra Pradesh	4,128	9,277
Assam	3,677	2,609
Gujarat	10,642	5,917
Himachal Pradesh	1,788	1,913
J&K**	1,053	5,882
Kerala	8,231	2,347
Madhya Pradesh	8,769	9,403
Meghalaya**	310	817
Mizoram**	180	375
Rajasthan	9,715	8,912
Tamil Nadu	19,235	9,066
Uttar Pradesh	18,956	16,746
Uttarakhand	1,051	1,447

\*In ₹ crore; \*\*Under scrutiny; Source: Govt data

Uttar Pradesh will be the biggest beneficiary in terms of total assistance, pegged at Rs 35,702 crore. Tamil Nadu is next with Rs 28,301 crore, followed by Rajasthan (Rs 18,627 crore), Madhya Pradesh (Rs 18,172 crore), Gujarat (Rs 16,559 crore), Andhra Pradesh (Rs 13,405 crore) and Kerala (Rs 10,578 crore). The assistance has been approved under a Rs 3.3-lakh results-linked distribution reforms scheme approved in June 2021.

The coming on board of states ruled by parties across the political divide — and some with discoms running huge losses — indicates a consensus and willingness for reforms. It also marks a step towards ending the vicious cycle of the Centre throwing good money after bad every few years.

In the past, discoms kept slipping back into dire straits since the financial packages were not linked to changes on the ground. In the current scheme, release of assistance is linked to verifiable results. First, the states have to take over the discom losses fully or partially and clear all government department dues by 2024-25. Next is modernisation of infrastructure to reduce line losses to 12-15% by 2024-25. Finally, states will have to bring the gap between energy cost and revenue to zero through smart metering to qualify for the Central assistance.