

Amid privatisation push, 2nd-highest allocation em'powers' energy sector

Brajendra K Parashar

bkparashar@htfive.com

LUCKNOW: Even as the Uttar Pradesh government has been pushing for privatisation of two of its five state-owned power distribution companies (discoms) for over a year, the energy sector has received the second highest total budget allocation and the third highest capital outlay.

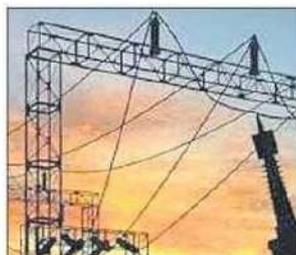
In the budget presented on Wednesday, a total funds of ₹65,926.28 crore (in addition to ₹2,104 crore for renewable energy) have been earmarked for the sector, which is the second budgetary allocation after basic education (₹80,997.16 crore).

In terms of capital expenditure too, the sector features prominently, receiving the third-highest outlay after the public works department (roads and bridges) at ₹29,369.71 crore and Namami Gange and rural water supply at ₹22,464.63 crore. Capital

outlay refers to funds used for creation or upgradation of assets.

"The move presents an interesting contrast. For over a year, the government has been advocating structural reforms in the power sector, including private participation in distribution to improve efficiency and reduce losses to eliminate the sector's increasing dependence on public funds. However, this budget signals continued heavy public investment in the same sector," said a power department official requesting anonymity.

The energy outlay is significantly higher than allocations for health and family welfare (₹37,956 crore), roads and bridges (₹34,468 crore), infrastructure and industrial development (₹27,103 crore), and urban development (₹26,514 crore). The budget also reiterates continuation of free electricity to farmers for irrigation, though the subsidy component within



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the total allocation has not been specified.

"With transmission capacity expanded substantially over the past few years and thousands of substations added, the sizeable

allocation suggests the government is simultaneously strengthening infrastructure while pursuing structural reforms," the official pointed out.

Energy minister AK Sharma said the state government had proposed an allocation of ₹65,926 crore for various schemes in the energy sector, terming it a "historic investment" aimed at ensuring uninterrupted and quality power supply across the state.

Highlighting improvements in supply, Sharma said: "During 2025-26, up to December 2025,

rural areas received an average of 19 hours of power daily, tehsil headquarters 21 hours and 49 minutes, and district headquarters round-the-clock supply. He said this reflected significant enhancement in the state's power infrastructure and management.

The minister said that between April 1, 2022 and December 2025, as many as

2,41,088 private tubewell connections were released. Additionally, 1,66,135 connections have been issued under the normal scheme since 2017-18, strengthening irrigation facilities and boosting farmers' incomes.

"To upgrade infrastructure, the state constructed and augmented 2,410 new 33/11 kV substations. A total of 20,924 new distribution transformers were installed, while the capacity of 85,684 transformers was enhanced, significantly reducing overloading issues," he added.

Meanwhile, power engineers welcomed the increased allocation. "This year's budget allocation is 8% more than that last year and 75.5% more than that in 2022-23," UP Rajya Rajya Vidyut Abhiyanta Sangh general secretary Jitendra Singh Gurjar said, adding that it would give new energy and speed to the state.