

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.84
TO BE ANSWERED ON 30.11.2015

RESTRUCTURING OF DEBTS OF DISCOMS UNDER UDAY

84. PROF. M.V. RAJEEV GOWDA:

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

- (a) whether there are any incentives built into the Ujwal DISCOM Assurance Yojana (UDAY) to encourage State Governments to voluntarily restructure debts of DISCOMS in economic distress;
- (b) if so, the details thereof;
- (c) given that two such schemes have not worked in the past, what makes the UDAY scheme different from previous DISCOM debt re-structuring attempts;
- (d) whether any attempt has been made to understand the short-term effect of UDAY on prices for consumers; and
- (e) if so, the details thereof?

A N S W E R

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) & (b) : Yes, Sir. UDAY has inbuilt incentives encouraging State Governments to voluntarily restructure their debts. These incentives include taking over of DISCOM debt by the States outside the fiscal deficit limits; reduction in the cost of power through various measures such as coal linkage rationalization, liberal coal swaps, coal price rationalization, correction in coal grade slippage, allocation of coal linkages at notified prices; priority/additional funding through schemes of MoP & MNRE; and, reduction in interest burden.

(c) : UDAY is different from earlier restructuring schemes in several ways including flexibility of keeping debt taken over outside fiscal deficit limit, reduction in cost of power and a series of time bound interventions for improving operational efficiency.

(d) & (e) : UDAY provides for measures that will reduce the cost of power generation, which would ultimately benefit consumers.
