

GOVERNMENT OF INDIA  
MINISTRY OF POWER  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO.1598**  
ANSWERED ON 20.12.2022

**FINANCIAL VIABILITY OF POWER SECTOR**

1598 SHRI JAGGESH:

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

- (a) whether it is a fact that the strict implementation of the Late Payment Surcharge (LPS) Rules will bring back financial viability of the power sector in the country and would attract investment to ensure reliable 24x7 electricity to consumers;
- (b) if so, total outstanding dues of State Distribution Companies (DISCOMS) before and after the implementation of LPS Rules; and
- (c) the details of steps taken by Government to strengthen the financial viability of the power sector?

**A N S W E R**

**THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY**

**(SHRI R.K. SINGH)**

**(a) & (b) :** One of the key indicators of financial distress of the DISCOMs is mounting power purchase dues towards the Generation Companies (GENCOs). With the implementation of Electricity (LPS and Related Matters) Rules, 2022, a remarkable improvement has been seen in recovery of outstanding dues. The total outstanding dues of the States which were at Rs.1,37,949 Cr., as on 03.06.2022, have been reduced by Rs.29,857 Cr. to Rs. 1,08,092 Cr., with timely payment of just five (5) monthly instalments. Distribution companies are also paying their current dues in time to avoid regulations under the rule. Distribution companies have paid almost Rs.1,68,000 Cr. of current dues in last 5 months.

Based on the results achieved so far, it is expected that strict implementation of the LPS Rules will bring back financial viability of the power sector in the country and would attract investment to ensure reliable 24x7 electricity to the consumers. This Rule has not only ensured that the outstanding dues are liquidated but has also ensured that the current dues are paid in time. It may be seen that the Rule has played a vital role towards ensuring the financial discipline in Discoms.

**(c) :** Government of India have been implementing various performance linked and result oriented schemes with the objective to have a financially secure, viable and sustainable power sector (distribution segment in particular). Various initiatives undertaken by MoP include Revamped Distribution Sector Scheme (RDSS), Electricity (Late Payment Surcharge and Related Matters) Rules 2022, Additional Borrowing space of 0.5% of GSDP to the States linked to power sector reforms, Corporate Governance Guidelines, Additional Prudential Norms for lending by Power Finance Corporation (PFC) Limited and REC Limited, based on performance of utilities, Liquidity Infusion Scheme (LIS) and PM KUSUM Scheme. These initiatives have been designed to tackle financial and operational issues to bring in desired financial discipline in Discoms and State Governments.

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