

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.2705
ANSWERED ON 24.03.2025

PERFORMANCE OF POWER DISTRIBUTION UTILITIES

2705 DR. SYED NASEER HUSSAIN:

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

- (a) the key findings of the 13th Annual Integrated Rating and Ranking Report on India's Power Distribution Utilities, including the number of utilities that have shown improvement in ranking, and the number that have deteriorated, especially in terms of collection efficiency and AT&C losses;
- (b) the primary challenges faced by underperforming DISCOMs as identified in the report, particularly in terms of financial losses and operational inefficiencies; and
- (c) the steps being taken to address these challenges and to ensure the long-term financial viability and efficiency of the power distribution sector?

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) : The 13th Annual Integrated Rating and Ranking of Power Distribution Utilities Report was released in February, 2025. A total of 42 State DISCOMs, 10 Private DISCOMs, 11 Power Departments have been rated in this report. The key findings of the report are:

- i. A total of 11 DISCOMs have scored A+ ratings.
- ii. Grades of 15 DISCOMs and 6 Power Departments have improved, while that of 13 DISCOMs have declined from the previous year.
- iii. 25 DISCOMs and 9 Power Departments saw an 'Improving' trend i.e., more than 5% increase in scores from the previous year.
- iv. Number of utilities awarded C or lower grade have reduced from 21 in FY23 (12th Rating Report) to 18 in FY24 (13th Rating Report).
- v. Billing Efficiency has marginally improved to 86.9% in FY24.
- vi. Collection Efficiency for FY24 is 96.4%. 15 utilities have recorded a collection efficiency of 100% in FY24. Collection efficiency has improved for 26 utilities and deteriorated for 30 utilities. 7 utilities maintained 100% collection efficiency.

- vii. Aggregate Technical and Commercial (AT&C) Losses at national level stood at 16.3% in FY24. AT&C losses improved for 40 utilities and deteriorated for 23 utilities.

(b) : The challenges faced by the underperforming DISCOMs are primarily because of:

- Gap between Average Cost of Supply and Average Revenue Realised (ACS-ARR gap) indicating non-cost reflective tariff.
- Sub-optimal Collection efficiency indicating under-recovery from consumers including state government departments and gap in receipt of subsidy dues from state government.
- Regulatory issues such as disallowance of expenses, delay in issue of tariff order etc.

(c) : Government of India has been supporting the States/ distribution utilities to improve financial viability and efficiency of the power distribution sector through various initiatives. Some of the key initiatives taken are as under:

- i. Revamped Distribution Sector Scheme (RDSS) launched with the objective of improving the quality and reliability of power through a financially sustainable and operationally efficient Distribution Sector. The release of funds under the scheme is linked to States/ Distribution Utilities taking necessary measures to improve their performance.
- ii. Rules and Standard Operating Procedure have been framed for timely payment of the subsidies declared by the State Governments.
- iii. Rules have been framed for implementation of Fuel and Power Purchase Cost Adjustment (FPPCA) and cost reflective tariff so as to ensure that all prudent cost for supply of electricity are passed through and are timely recovered.
- iv. Timely issuance of tariff and true up orders.
- v. Payment of GENCO dues on time through promulgation of Late Payment Surcharge (LPS) Rules.
- vi. Issuing Additional Prudential Norms for providing loans to State Power utilities, and
- vii. Allowing Additional borrowing space of 0.5% of Gross State Domestic Product (GSDP) to State based on performance of Distribution Utilities
