

**GOVERNMENT OF INDIA  
MINISTRY OF POWER  
LOK SABHA  
UNSTARRED QUESTION NO.1020  
ANSWERED ON 08.02.2024**

**LATE PAYMENT SURCHARGE RULES**

**1020. SHRI G.M. SIDDESHWAR:  
SHRI RAJESHBHAI CHUDASAMA:**

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

- (a) whether the strict implementation of the Late Payment Surcharge (LPS) Rules would bring back financial viability of the power sector in the country and would attract investors to ensure reliable 24x7 electricity to consumers;**
- (b) if so, the total outstanding dues of State Distribution Companies (Discoms) before and after the implementation of LPS Rules; and**
- (c) the details of the steps taken/being taken by the 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 States which were at Rs. 1,39,947 cr as on 03.06.2022, have reduced to Rs. 49,452 Cr. after timely payment of eighteen (18) monthly installments as on 31.01.2024. Distribution companies are also paying their current dues in time to avoid regulation of open access under the Rule.**

**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. This would facilitate investment in the sector necessary to sustain 24x7 electricity supply to consumers.**

**(c) : Government of India has 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). These initiatives have been designed to tackle financial and operational issues to bring in desired financial discipline in DISCOMs and State Governments.**

**Details of steps taken are:**

- (i) Putting in place Rules to ensure timely payment for subsidy declared by State Government.**
- (ii) Ensuring that the tariffs are up to date.**
- (iii) Ensuring timely Energy Accounting and Energy Audit.**
- (iv) Ensuring that the GENCOs are paid on time.**
- (v) Putting in place revised Prudential Norms providing that no DISCOM or GENCO of a State Government will be able to get loans from PFC/ REC if the DISCOM is making a loss, unless the DISCOM, with the approval of the State Government, works out a plan for loss reduction and files it with the Central Government, and adheres to that loss reduction trajectory.**
- (vi) Putting in place an incentive of an additional borrowing space of 0.5% of GDP if the DISCOM implements loss reduction measures.**
- (vii) Under DDUGJY, IPDS and SAUBHAGYA a total of 1.85 lakh Cr works were executed and 2,927 new sub-stations have been added, upgradation of 3,965 existing sub-stations has been carried out, 6,92,200 Distribution Transformers have been installed, Feeder separation of 1,13,938 Circuit Kilometer (Ckm) has been done and 8.35 Lakh Ckm of HT and LT lines have been added/ changed, covered wire in high loss areas were provided, works like Gas insulated substation, underground cabling, aerial bunched cable etc. were taken up.**
- (viii) Further, the Government of India has launched Revamped Distribution Sector Scheme (RDSS) with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient Distribution Sector. The Scheme has an outlay of Rs. 3,03,758 crore and a Gross Budgetary Support of Rs. 97,631 crore from Government of India over a period of five years from 2021-22 to FY 2025-26. So far infrastructure works amounting to Rs. 1.22 lakh crore and smart metering works amounting to Rs. 1.30 lakh crores have been sanctioned. Infrastructure works sanctioned mainly includes 15.32 lakh Ckm new/to be upgraded HT & LT lines, 4.78 lakh new/ to be upgraded distribution transformers, 1,110 new/ to be upgraded substations etc. Implementation of these works would eventually contribute in the improvement of financial viability of Discoms which will benefit the end consumer.**
- (ix) Providing that loss making DISCOMs will not be able to draw funds under any Power Sector Scheme of Gol unless they put in place measures for loss reduction.**