

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO. 1926
ANSWERED ON 11.12.2025**

CHALLENGES IN POWER SECTOR

**1926. PROF. SOUGATA RAY:
SHRI BIPLAB KUMAR DEB:**

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

- (a) whether the Indian power sector faces significant challenges including high transmission and distribution losses, inadequate cost recovery, operational inefficiencies and financial instability of Power Distribution Companies (DISCOMs) and if so, the details thereof;**
- (b) whether many DISCOMs, especially State-owned ones, are burdened with high debt and accumulated losses impacting their ability to invest in infrastructure and improve service quality, if so, the details thereof, State-wise;**
- (c) whether high aggregate technical and commercial losses including power theft and inefficient billing and collection systems further exacerbate their financial strain, if so, the details thereof;**
- (d) whether lack of investment in upgrading infrastructure including smart grids and advanced metering systems hinders modernization efforts and if so, the details thereof; and**
- (e) whether the Government has taken steps to address these issues through policy reforms and financial support mechanisms, if so, the details thereof?**

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) to (e): The losses in State owned distribution utilities (operational and financial) are a result of various parameters, some of which are highlighted below:

- Non cost reflective tariff due to regulatory disallowance of expenses and delays in tariff revisions;**
- Gap between Average Cost of Supply (ACS) and Average Revenue Realised (ARR);**
- Delayed payment of tariff subsidy and Government Departments dues; and**
- Reliance on short-term and non-capex borrowing to manage cash gaps.**

As a result, the distribution utilities have high accumulated losses and outstanding debt (Details at Annexure) which impacts their ability to investment in infrastructure works.

Electricity being a concurrent subject, the supply and distribution of electricity to the all consumers, including improvement in electricity supply and grid strengthening in rural and urban areas, is the responsibility of respective State Government/ power distribution utility. Government of India (GoI) supplements the efforts of the States/ distribution utilities for improving the financial viability of the distribution sector.

GoI has facilitated the creation of distribution infrastructure through allocation of funds under various schemes such as (a) DDUGJY, where central assistance was provided to ensure electrification of all villages and strengthening of distribution infrastructure in rural areas; (b) IPDS, where the strengthening of distribution network in urban areas was taken up as a key measure in power distribution and (c) SAUBHAGYA for electrification of households. Under the above three schemes, works amounting to Rs. 1.85 lakh crore were executed for strengthening the distribution system of the country. Further, under ongoing Revamped Distribution Sector Scheme (RDSS), projects worth Rs. 2.83 lakh crore for distribution infrastructure works including smart metering works have been sanctioned. The scheme emphasizes technological interventions, including smart metering, SCADA (Supervisory Control and Data Acquisition), Distribution Management System, etc.

Some of the key initiatives taken for improving the viability of the distribution utilities, are as under:

- Funds release under the RDSS is linked to performance of distribution utilities against key financial parameters.**
- Performance linked additional borrowing space of 0.5% of GSDP allowed to State Governments.**
- Additional Prudential Norms mandated for sanctioning of loans to State owned power utilities.**
- Rules have been put in place for implementation of Fuel and Power Purchase Costs Adjustment (FPPCA) and cost reflective tariff so as to ensure that all prudent expenses for supply of electricity are passed through.**
- Rules and Standard Operating Procedure issued for proper subsidy accounting and release.**

The States/ distribution utilities are implementing the reforms and with the concerted efforts of Central and State Governments/ distribution utilities, AT&C losses at national level have reduced from 21.9% in FY21 to 16.16% in FY25 and ACS-ARR gap has reduced from Rs 0.69/kWh in FY21 to Rs. 0.11/kWh in FY25. While the reform measures have shown some positive results in reducing overall AT&C losses and narrowing the revenue gap, consistent and robust implementation by States is required to ensure sustained financial viability and operational efficiency of distribution utilities.

ANNEXURE

ANNEXURE REFERRED IN REPLY TO PARTS (a) TO (e) OF UNSTARRED QUESTION NO. 1926 ANSWERED IN THE LOK SABHA ON 11.12.2025

State wise Accumulated (Loss)/ Surplus in Rs. Cr.

(Amount in Rs. Cr.)

States/ UTs	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25(P)
Andhra	(29,143)	(28,707)	(31,195)	(29,218)	(29,210)	(19,722)
Assam	(959)	(1,229)	(893)	(1,699)	(1,324)	(1,028)
Bihar	(14,673)	(17,160)	(19,537)	(19,777)	(18,503)	(16,526)
Chhattisgar	(7,290)	(7,710)	(8,924)	(10,057)	(10,016)	(10,423)
Gujarat	79	436	798	935	5,165	7,355
Haryana	(28,978)	(28,341)	(28,404)	(28,165)	(28,001)	(27,915)
Himachal	(1,521)	(1,706)	(1,810)	(3,126)	(3,754)	(3,391)
Jharkhand	(6,261)	(9,183)	(11,556)	(15,848)	(18,469)	(20,512)
Karnataka	(5,645)	(9,821)	(14,413)	(17,559)	(26,109)	(34,996)
Kerala	(12,104)	(18,970)	(33,722)	(34,668)	(35,978)	(38,647)
Madhya	(52,981)	(56,880)	(61,010)	(65,291)	(69,301)	(71,394)
Maharashtr	(23,428)	(26,251)	(26,070)	(31,275)	(36,226)	(35,671)
Manipur	(131)	(146)	(157)	(286)	(295)	(290)
Meghalaya	(2,413)	(2,475)	(2,636)	(4,259)	(4,634)	(4,962)
Punjab	(8,159)	(6,713)	(5,644)	(10,420)	(9,620)	(3,404)
Rajasthan	(86,868)	(89,084)	(89,556)	(92,070)	(91,565)	(90,303)
Tamil Nadu	(99,860)	(1,38,643)	(1,51,639)	(1,62,507)	(1,66,944)	(1,67,520)
Telangana	(42,293)	(48,982)	(49,816)	(60,922)	(67,276)	(69,741)
Tripura	(391)	(382)	(514)	(854)	(1,171)	
Uttar	(85,069)	(70,661)	(78,004)	(82,556)	(89,662)	(1,00,858)
Uttarakhan	(3,699)	(3,851)	(3,872)	(5,096)	(5,435)	(3,458)
West	3	34	83	119	158	174
Private	6,424	21,008	24,963	28,871	15,900	25,214
Grand Total	(5,05,361)	(5,45,418)	(5,93,528)	(6,45,728)	(6,92,269)	(6,88,016)

Source: PFC Report on Performance of State Power Utilities 2024-25 (Prov.)

*: data also includes last year figures for TANGEDCo (Tamil Nadu) which was recently unbundled into 3 companies one of which is TNPDC (distribution company of Tamil Nadu). Considering, Accumulated Losses of only TNPDC i.e. Rs (1,19,153) Cr, total accumulated losses at National level would be: Rs (6,39,649) Cr.

State wise Accumulated Outstanding Debt in Rs. Cr.

(Amount in Rs. Cr.)

States/ UTs	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25(P)
Andhra Pradesh	24,463	31,375	36,364	51,465	65,710	77,600
Assam	1,916	2,011	908	1,072	1,105	1,131
Bihar	6,726	11,387	12,616	13,885	14,009	14,002
Chhattisgarh	4,102	4,139	3,539	6,198	5,398	5,428
Gujarat	636	626	393	333	271	258
Haryana	6,864	6,926	8,324	11,886	17,156	20,311
Himachal Pradesh	5,722	6,254	6,267	6,682	6,776	7,024
Jharkhand	11,475	15,656	16,732	20,284	18,592	22,381
Karnataka	22,769	29,795	29,564	32,211	39,485	47,993
Kerala	20,310	19,874	18,867	18,560	18,293	17,638
Madhya Pradesh	49,112	50,702	52,473	49,145	50,844	49,239
Maharashtra	38,092	38,254	44,075	58,325	84,171	90,659
Manipur	370	474	455	619	730	745
Meghalaya	624	1,335	1,812	1,728	1,650	1,474
Punjab	16,258	15,590	16,643	17,813	20,164	17,411
Rajasthan	48,934	53,030	65,945	79,611	92,226	98,488
Tamil Nadu	1,24,413	1,37,632	1,47,716	1,59,431	1,73,521	1,88,411*
Telangana	22,202	31,032	30,137	35,239	46,127	59,230
Tripura	413	431	663	607	730	0
Uttar Pradesh	58,326	81,952	82,047	78,306	67,937	61,395
Uttarakhand	1,818	1,785	1,447	1,562	1,964	1,729
West Bengal	14,222	15,425	16,616	16,751	15,604	15,279
Private Sector	20,544	20,426	22,126	23,122	10,216	7,595
Grand Total	5,00,310	5,76,112	6,15,729	6,84,836	7,52,677	8,05,422

Source: PFC Report on Performance of State Power Utilities 2024-25 (Prov.)

***: data also includes last year figures for TANGEDCo (Tamil Nadu) which was recently unbundled into 3 companies one of which is TNPDC (distribution company of Tamil Nadu). Considering, Outstanding Debt of only TNPDC i.e. Rs. 1,01,782 Cr, total Outstanding Debt at National level would be: Rs. 7,18,793 Cr.**
