

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.927
ANSWERED ON 05.02.2026**

FINANCIAL LOSSES OF DISCOMs

†927. DR. ANAND KUMAR:

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

- (a) whether the Ministry of Power has recently issued notices to the Power Distribution Companies (DISCOMs) of Uttar Pradesh, Andhra Pradesh, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu regarding reducing their financial losses failing which they would face privatization;**
- (b) if so, the current status of the financial losses of these DISCOMs;**
- (c) whether the Ministry is planning to restrict central financial assistance to the DISCOMs in these States if they do not adopt measures such as selling twenty six per cent equity, transferring complete management control, or listing on the stock exchange with an 'A' rating; and**
- (d) if so, the steps being taken by the Ministry to prevent any potential increase in electricity tariffs or deterioration in service quality as a result of these reforms, particularly for farmers and low-income consumers in Uttar Pradesh so that electricity does not become more expensive and services are not disrupted?**

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) to (c) : Electricity is a concurrent subject and power distribution is handled by distribution utilities that function under the administrative control of their respective State Government and regulations of respective Electricity Regulatory Commission (ERC). Hence, privatization of State DISCOMs does not come under the purview of Central Government.

Under the Electricity Act 2003, distribution utilities have a duty to maintain an efficient, coordinated, and economical distribution system. Further, any inefficiency in this segment has a cascading impact on the whole value chain, disrupting their operations and adversely affecting financial viability.

The states of Andhra Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, and Uttar Pradesh account for a very large share (48%) of national electricity consumption. However, financial stress is also concentrated in these States and they account for 69% of total accumulated loss and 66% of total outstanding debt of distribution utilities. Details of financial losses of State Distribution Utilities of these for FY 2024-25 are attached at Annexure.

The Sixteenth Finance Commission has noted that as public entities, DISCOMs lack the necessary incentive to achieve a high degree of efficiency in plugging leakages through technical losses, theft, under-billing, and under-collection. It has recommended that the first-best solution to the problem is the privatization of DISCOMs. Alternatively, if a solution is sought within the public ownership framework, the States of Gujarat and Haryana provide two examples that are worth emulating.

(d) : Government of India has been supporting the distribution utilities to improve their financial viability through various initiatives. Some of the key initiatives taken are as under:

- i. RDSS has been 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. Additional borrowing space of 0.5% of GSDP to State Governments, which is conditional on them undertaking specific reforms in the power sector.**
- iii. Additional Prudential Norms for sanctioning of loans to State owned power utilities are contingent to the performance of power distribution utilities against prescribed conditions.**
- iv. Rules for implementation of Fuel and Power Purchase Costs Adjustment (FPPCA) and cost reflective tariff so as to ensure that all prudent cost for supply of electricity are passed through.**
- v. Rules and Standard Operating Procedure have been issued for proper subsidy accounting and their timely payment.**

As a result of the concerted efforts of the Ministry of Power, the State Governments and distribution utilities, Aggregate Technical and Commercial (AT&C) Losses have reduced from 21.91% in FY21 to 15.04% FY25. Reduction in AT&C losses improves the finances of the utilities, which will enable them to better maintain the system and buy power as per requirements, thus benefitting the consumers.

ANNEXURE**ANNEXURE REFERRED IN REPLY TO PARTS (a) TO (c) OF UNSTARRED
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2024-25		
State	Profit/ (Loss) After Tax (PAT) (Rs crore)	Accumulated Surplus/(Loss) (Rs crore)
Andhra Pradesh	190	(29,420)
Madhya Pradesh	(2,561)	(71,394)
Maharashtra	1,292	(35,671)
Rajasthan	1,262	(90,303)
Tamil Nadu	2,073	(1,19,153)
Uttar Pradesh	(10,796)	(1,00,858)
National	2,701	(6,47,210)
