THE UDAY PORTAL DATA SHOWS THAT THE AVERAGE AT&C LOSSES, THAT SHOULD BE 15% FOR ALL THE PARTICIPATING STATES BY 2018-19, PRESENTLY, ON AVERAGE, STAND AT 25.41%

UDAY isn't working, the old problems persist

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INDIA LAUNCHED THE Ujjwal Discom Assurance Yojana (UDAY) with an objective of 'power for all' in November, 2015. The states have been joining this scheme at varied timelines and so far 27 states and 5 UTs are part of this scheme (except Odisha, West Bengal, Chandigarh and Delhi). This ambitious project was to improve the health of state DISCOMs (power distribution companies)—which were incurring losses in the past—by improving their financial and operational efficiency parameters.

The UDAY has indeed created severe pressures on state finances, though data constraints won't allow us to capture it in entirety. But there is more to the story, than the downward risk to states' fisc. Researchers have tried to capture it using the available data in the Memorandums of Understanding (MoU)—a tripartite agreement document of DISCOMs with state governments and the ministry of power—and also the data available on the UDAY portal.

Has the loss of DISCOMs come down since the inception of this scheme? The answer is no. Has the financial and operational efficiency of the DISCOMs improved, ex-post to UDAY? The UDAY portal data shows that the average AT&C (aggregate technical and commercial) losses, that should be 15% for all the participating states by 2018-19, presently, on average, stand at 25.41% (as per the data accessed on October 26, 2018, from the UDAY portal). The AT&C losses are still increasing in many states like Jammu and Kashmir (53.78%), Manipur (43.74%), Bihar (39.1%), Uttarakhand (40.92%), Uttar Pradesh (37.92%), Chhattisgarh (31.62%), Madhya Pradesh (31.06%), Meghalaya (34.64%), and Punjab (31.3%). The AT&C losses have risen in 2018 when compared to 2017.

Yet another financial indicator, the ACS-ARR gap (the gap between average cost of supply and average revenue realised), has also widened for these states. The average ACS-ARR gap ratio should stand at 0.55 per unit kWh as per the UDAY MoU norms. This gap has widened for the states which have ATC losses of more than 30%. However, some states have reduced their ACS-ARR gap but are still making high AT&C losses (for instance, Uttarakhand and Uttar Pradesh). States like Assam (1.04), Jammu and Kashmir (1.96), Jharkhand (1.85) and Manipur (1.61) have an ACC-ARR gap of more than 1 per unit kWh.

One plausible way to reduce the ACC-ARR gap is to increase the electricity tariff, which has not been effectively implemented due to its political economy reasons. The inefficiencies in operational parameters also affect the revenue raising efforts of the DISCOMs. These include the lack of effective billing procedures, lack of proper recording of the consumption of the power and also lack of upgradation of DT meters that can keep a check on the power theft. The status of the operational health of DISCOMs is provided for both the rural and urban areas in the UDAY portal, and if we analyse the operational efficiency parameters in the states for rural areas, the score is minimal. In almost all the 22 states reporting data on DT and smart metering, the scores are much less than the benchmark.

The feeder-segregation scheme was launched as a separate scheme in August 2015 with the idea to gear up the separation of power feeders for domestic and agricultural use. The objective was to improve the rural electrification system in the country with a total cost of ₹43,033 crore. The progress in feeder segregation is one of the operational parameters under the UDAY scheme as well. But out of 27 states and 5 UTs, the data is only available for 17 states, within which only 6 states— Gujarat, Haryana, Punjab, Andhra Pradesh, Madhya Pradesh and Karnataka— have been able to achieve the 100% target. All the north-eastern states have either not reported the data or have a very low score on segregation. This low performance of operational parameters may have high repercussions for the people living in these areas, as erratic power cuts reduce the socioeconomic benefits that could have been gained from a 24 hour continuous power supply and these states might, therefore, also lag behind other states in economic growth due to poor power infrastructure. This makes the technical infrastructure a crucial part of the electrification system.

Recently, India has also introduced 'SAUBHAGYA' scheme to connect unconnected households with electricity to provide last-mile connectivity to households by December 2018 with the gross budgetary support of ₹16,320 crore. However, the UDAY portal data on access to electricity by households thwart us from being optimistic about this target. The electrification data as reported on UDAY portal shows that states, namely Uttar Pradesh, Jharkhand, Bihar, Assam, Meghalaya and other north-eastern states, still lag behind, despite all efforts under UDAY and SAUBHAGYA. The UDAY portal data revealed that the DISCOMs in north-eastern states, Jharkhand, Uttar Pradesh and Bihar have "miles to go" to reach the 100% target. Even the feeder audits are yet to be taken up in states like J&K, Tripura, Kerala, Bihar, Puducherry, Arunachal Pradesh, Nagaland and Sikkim.

The UDAY portal gives the average all-India figures for the financial and operational parameters of UDAY in the national dashboard. These average figures of the financial and operational parameters show a handful of improvement in October 2018 vis-à-vis the data accessed from the portal in May 2017. However, the large ACC-ARR gap as well as the AT&C losses raise real concerns.

One cannot rely too much on the average performance figure of the operational parameters of all states together because the aggregate performance largely shows up a few states who are achievers with almost 100% achievements. It is crucial to move beyond the fallacy of aggregation and focus on lagging states. Our analysis based on state-specific file sheets—state health cards—given in the state-wise dashboards, reveals that there are serious concerns in making DISCOMs sustainable.

> Only six states out of the 17 for which data is available have been able to achieve the 100% feeder segregation target, affecting the lives of inhabitants