

TURNAROUND PLAN

Rajasthan invites private firms to manage power distribution

The state has called for bids to manage power distribution in the two districts of Kota and Bharatpur for 20 years

BY GIREESH CHANDRA PRASAD
gireesh.p@livemint.com

NEW DELHI

Rajasthan, which saw its fiscal deficit jump three-fold in 2015-16 after taking over state power utility debt, has invited private sector companies to help turn around the electricity distribution business that has so far been the monopoly of state-run enterprises.

To begin with, the state has invited bids from private companies to manage power distribution for 20 years in the two districts of Kota and Bharatpur, Sanjay Malhotra, Rajasthan's principal secretary (energy), said in an interview on Saturday.

The private partners will get the right to use the power distribution infrastructure and will collect the state electricity regulator-determined tariff from the consumer, said Malhotra. The private partners will be finalized shortly, he said.

The move follows the Assembly passing the Rajasthan State Electricity Distribution Manage-

ment Responsibility Act, 2016, on 30 March to hold its power distributors accountable for their performance.

Rajasthan's three power distributors—Jaipur Vidyut Vitran Nigam Ltd and its counterparts in Jodhpur and Ajmer—account for more than 18% of the ₹4.3 trillion outstanding debt of all power utilities in the country and are the most indebted ones with a collective loan liability of ₹80,500 crore as on 30 September 2015.

For chief minister Vasundhara Raje, who on 8 March reported that the state's fiscal deficit has touched 9.99% of gross state domestic product (GSDP) for 2015-16, turning around the electricity distribution sector is critical, given its impact on the state's fiscal health. Without the debt takeover burden, the fiscal deficit for the year would have been just 3.62%, according to the state's budget documents.

The bulk of the loan taken over is accounted for in 2015-16 and the remaining in 2016-17. Flexibility for states to overshoot the 3% state fiscal deficit and borrowing ceiling mandated under the Fiscal Responsibility and Budget Management (FRBM) Act was given under the Ujwal Discom Assurance Yojana (Uday) announced by the central government on 5 November.

"The chief minister is taking

HEAVY BURDEN

Total debt of all power utilities:
₹4.3 trillion*

Rajasthan utilities' total
outstanding debt:
₹80,500 crore*

Debt taken over by
Rajasthan government:
₹60,500 crore

*as on 30 September 2015

personal interest in turning around the power distribution sector. The chief secretary will hold monthly and quarterly review of the performance of power distribution companies," said Malhotra. "As per the proposed public-private partnership in the distribution sector, the state power utility will continue to own the infrastructure, but the private player will maintain and use it. It will be the private player who will handle customer relationship."

Malhotra said the Rajasthan State Electricity Distribution Management Responsibility Act is independent of Uday, but it certainly complements the performance goals set by Uday, which are comparable.

The Uday scheme, which authorizes the state to take over power utility debt by waiving

their 3% GSDP borrowing limits, requires power distributors to cut technical and commercial losses from power theft and non-collection of billed units of electricity.

The Uday agreements signed by states, the central government and the respective power distributors, prompt states to be proactive in reforming electricity supply by requiring that states have to fund as much as half of the previous financial year's loss of power suppliers from 2020-21 onwards. Such funding from state budgets will start at 5% (of previous year's losses) in 2017-18 and will go up to 10% in 2018-19, 25% in 2019-20 and 50% in 2020-21.

Nine states accounting for ₹1.94 trillion or 45% of the total outstanding power utility debt have so far signed up for Uday.

Experts said a close monitoring of power suppliers' performance targets is key to Uday's success. "Uday aims to reduce the underlying costs in the sector such as cost of generation, transmission and distribution. For this, the distribution companies and state governments have to work towards reducing the technical and commercial losses as per the promised targets and focus on effective implementation," said Santosh Kamath, partner and lead for renewable energy at KPMG in India.

TAXI SERVICE

Uber brings back surge pricing in Delhi

PTI
feedback@livemint.com

NEW DELHI

On a day the ban on diesel-run cabs came into effect, taxi aggregator Uber on Sunday brought back surge pricing in Delhi, prompting chief minister Arvind Kejriwal to warn the operators of "strong action".

Uber had introduced the provision during the odd-even scheme, which was objected to by commuters, and Kejriwal had asserted that such demand-linked hikes would be banned permanently.

In the Delhi government's odd-even scheme, cars with odd-numbered plates are allowed to run on odd dates and those with even on even dates.

A day after the second phase of odd-even scheme ended, commuters across the city, who availed the services of the app-based cab firm on Sunday, found that surge pricing, where fares are raised when demand is higher than the available cabs, was back.

When contacted, an Uber spokesperson confirmed the development saying that the suspension of surge pricing was only a "temporary" measure.

Uber's move came on a day a ban on diesel-run cabs came into effect in Delhi, affecting nearly 27,000 vehicles.

"Some taxis hv started charging surge. Surge not allowed under law. They r warned that strong action will be taken against them," Kejriwal tweeted.

A senior Delhi government official said that action will be taken against these companies based on complaints.

"We will impound their cabs," the official said.

While an immediate confirmation could be obtained from Ola, another app-based service,

its app displayed a message saying peak-time charges may be applicable during high demand hours and will be conveyed during the booking which "enables us to make

more cabs available to you."

Ola displayed the disclaimer during the odd-even period as well, although it did not invoke peak-pricing till Saturday.

The Delhi government had cracked its whip on these companies on the first week of the second phase of odd-even after Kejriwal termed the concept as "daylight robbery".

The authorities had also impounded cabs for overpricing.

The move prompted Delhi CM Arvind Kejriwal to warn the operators of 'strong action'

QUEST-2016

INDIA'S FINEST



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LtoR: Vishrut Chalsani (OneDirect), Khushwant Sharma (LG Electronics), Sajith Karunan (Domino's), Belson Coutinho (Jet Airways), Kumar Deep (Vodafone), Deepak Rai, Dharmarajan (Tata Unistore), Alok Kumar (Aircel), Ankit Tandon (OYO Rooms), Ankur Singla (OneDirect), Anil Makhija (BookMyShow), Prabhjeet Singh (Uber), Bansi Kotecha (Uber), Komal Chainani (BookMyShow)

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BFSI



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E-Commerce



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