Status of UDAY

Why in news?

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- The data about UDAY scheme is positive but has some shortcomings.
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- Ujwal DISCOM Assurance Yojana (UDAY) is the financial turnaround and revival package for electricity distribution companies of India (DISCOMs) initiated by the Government of India with the intent to find a permanent solution to the financial mess that the power distribution is in
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What are problems the scheme?

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- There is no data for 11 of the 27 states and Union Territories that have opted for Uday.
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- The figure of Rs.268,778.21 crore covers only 75 per cent of the debt of the discoms in the remaining 16 states and Union Territories.
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- Discoms not buying as much power as they should, not because they don't have demand for the power they can supply, but because their weak finances.
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- Power from the grid is not available, at a price which is substantially higher than the grid power price.
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What is the stand of the government?

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- The government is hoping that with reduction of AT&C losses to 15 per cent

in 2018-19.
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- The discoms will start buying as much power as they should and stop load shedding, with the consumers meeting all of their power requirements from the grid.
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- Transmission losses will be reduced through a comprehensive IEC campaign to address the chronic problem of widespread.
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- According to the data on the Uday website, AT&C losses averaged 23.98 per cent for 16 states as on September 30, 2016.
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- But these losses averaged 19.95 per cent for 22 states as on December 31, 2016.
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- There was a reduction of as much as 4.03 percentage points in these losses in just three months.
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- This suggests that the government may have already achieved its 2018-19 target of reducing AT&C losses to 15 per cent.
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What is the way forward?

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- There are certainly some positive signs, but one cannot, because of lack of corroborative evidence, definitely say that Uday has made a positive difference.
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- Though there are positive attributes, there are unanswered questions about the actions taken by the government to empower discoms.
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- Uday has helped discoms and improved payments, but the biggest challenge for the sector continues to be the offtake of power.
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- Discoms are still reluctant to buy power.
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- If Uday succeed in delivering the intended outcome of making India’s discoms financially viable, so that they are no longer a burden on the country’s public finances.
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- One will have to wait for some time before one can say something definite

about Uday’s impact.
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Source: Business Standard

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