

NEW DELHI URGES STATES TO SHUN CHINA, USE DOMESTIC POWER EQUIPMENT

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New Delhi: Union Power and Renewable Energy Minister Raj Kumar Singh on Friday urged state governments to not use Chinese equipment and technology in the strategic power sector.

The union government wants to impress upon the state governments to procure all power sector equipment and materials from within India that has sufficient domestic capacity and testing of imported equipment in certified and accredited laboratories designated by the Union Power Ministry.

Speaking at the states' power and renewable energy ministers' video conference, Singh said that import replacement is a priority, and that the power sector, being strategic and essential in nature, is vulnerable to cyberattacks.

India's economic strategy against China as part of a broad response to Chinese aggression in Ladakh, includes subsidising finance for promoting local power equipment usage and prior-permission requirements for imports from countries with which it has a conflict.

Of 71,000 crore of power equipment imported in 2018-19 in the conventional space, Chinese equipment accounted for nearly a third or around 20,000 crore. India is looking at enabling manufacturing all power sector equipment in India over the next three years.

In other development, India's reform linked electricity distribution company (discom) loan package for clearing outstanding dues will now cover losses till June, with the package corpus expected to reach 1.25 trillion, Singh said.

As part of the union government's strategy to bring India's battered economy back on track, a 90,000-crore liquidity injection for the fund-starved state owned electricity discoms for losses up to 31 March, was announced to combat the economic disruption from the coronavirus lockdown. The package's scope and ambit will now be expanded after the states and union territories requested the union government to extend the package for covering discom losses till June, in the same meeting.

Some states weren't able to access it, said Singh as their borrowing limits will need to be relaxed. A proposal has been mooted for the same, he added.

This will require the states to acquire debt without breaching their Fiscal Responsibility and Budget Management Act (FRBM) limits. To support India's transition period towards the next generation power sector reform' pathway; the union power ministry has requested the 15th Finance Commission (FFC) for the need for a recalibration of borrowing limits for states under the FRBM Act.

The states also requested a reduction in interest rates for these loans, which is under examination, said Singh.

With at least 10 states losing about a third of the power supplied to their consumers in distribution losses, their overdues have not only hit power producers, but have also contributed to stress in the banking sector.

The other issues discussed in the meeting were the draft Electricity (Amendment) Bill, 2020 and the 3.5 trillion proposed distribution reform scheme—tentatively named— Samarth—that is to end on 31 March 2026.

Singh said that the amendments to the Act were discussed and some misconceptions which were there, were 'by and large' answered.

This bill has become another flash point in the Centre-state relationship, with a growing chorus of states including Telangana, Jharkhand, West Bengal and Tamil Nadu opposing some measures.

"The minister stated that various state /UT governments and other stakeholders have given various suggestions on the proposed Electricity Amendments Bill,2020, and the suggestions made during the meeting were noted while their mis-founded apprehensions were clarified," the ministry said in a statement.

The reform measures proposed by the Centre are intended to help improve the financial health of the power sector and implement the direct benefit transfer (DBT) scheme for better targeting of subsidies, promoting retail competition, payment security mechanism and introducing financial discipline. The proposed amendments have also pitched for a cost reflective tariff and setting up an Electricity Contract Enforcement Authority to enforce power purchase agreements (PPAs).

"This is a consultation process that is going on," Singh said and added that his ministry will consult states, with the bill only to go to the Parliament after thorough consultation.

The union government also plans to launch a new variant of the Kisan Urja Suraksha evam Utthan Mahabhiyan (KUSUM) scheme, that was announced in the budget to improve farmer income and reduce dependence on diesel pumps. This will involve, solarisation of agricultural feeders with the aim of subsidy burden on account of agricultural connection for irrigation, to be taken care of in three and a half years.

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