

Powerful challenge

Prime Minister [Narendra Modi](#) has, on several occasions, emphasised universal access to electricity as a priority for his government. In his Independence Day speech in 2015, the PM promised that 18,500 villages would receive electricity in the next 1,000 days. Two years later, nearly 14,500 of these villages have been "electrified". The speed with which the grid has reached these villages is impressive. However, the government's record is sullied by the fact that reportedly more than a fourth of the households in the "electrified villages" do not have a power connection. The significance of the Pradhan Mantri Sahaj Bijli Har Ghar Yojana, or the "Saubhagya" scheme, launched by the PM last week should be seen in this context. The scheme changes the metric for measuring progress in electrification from the village to the household-level.

Beneficiaries for free electricity connections under the Saubhagya scheme would be identified using the Socio Economic and Caste Census (SECC) 2011 data. The scheme's document also notes that "Unelectrified households not covered under the SECC 2011 would also be provided electricity connections under the scheme on a payment of Rs 500, which shall be recovered by discoms in 10 installments through electricity bills." Free - or subsidised - connections will take care of the last-mile connectivity, often seen as among the biggest stumbling blocks to electricity access in the country. By roping in panchayats and other village-level institutions, the government aims to ensure that Saubhagya does not remain a top-down endeavour. However, the government hasn't found a way out of the other major challenge that afflicts power supply in the country: An electricity connection does not always ensure quality power supply. The government's claims of being power surplus notwithstanding, it is common knowledge that in many parts of the country, people face outages for several hours.

Ensuring reliable supply requires improving the health of discoms. The UDAY scheme, launched in 2015, has made some headway in improving the finances of the state discoms. The losses registered by these companies have been more than 20 per cent less this year. It will be interesting to see how states square the Saubhagya scheme with the requirements of UDAY. Saubhagya grants them the leeway to lower tariffs to people covered under the scheme. But at the same time, UDAY makes it incumbent on the states to pay for all the future losses of discoms. It will be interesting to see how the states strike a balance between the imperatives of improving access and the demands of keeping the discoms in good health.

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