

Recently, the central government launched the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (or Saubhagya).^{[i],[ii]} The scheme seeks to ensure universal household electrification (in both rural and urban areas) by providing last mile connectivity. The scheme is expected to cover three crore households. Note that currently about four crore households are un-electrified. A rural electrification scheme has also been under implementation since 2005. In light of this, we discuss the current situation of, and key issues related to rural electrification in the country.

Regulatory and policy framework

Under the Electricity Act, 2003, the central and state governments have the joint responsibility of providing electricity to rural areas. The 2003 Act also mandates that the central government should, in consultation with the state governments, provide for a national policy on (i) stand-alone power systems for rural areas (systems that are not connected to the electricity grid), and (ii) electrification and local distribution in rural areas. Consequently, the Rural Electrification Policy was notified in August 2006.^[iii]

The Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), launched in 2005, was the first scheme on rural electrification. In December 2014, Ministry of Power launched the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), which subsumed the RGGVY.^[iv] Components of DDUGJY include: (i) separation of agricultural and non-agricultural electricity feeders to improve supply for consumers in rural areas, (ii) improving sub-transmission and distribution infrastructure in rural areas, and (iii) rural electrification by carrying forward targets specified under the RGGVY.

The total financial outlay for DDUGJY over the implementation period (until 2021-22) is Rs 82,300 crore which includes budgetary support of Rs 68,900 crore. The central government provides 60% of the project cost as grant, the state power distribution companies (discoms) raise 10% of the funds, and 30% is borrowed from financial institutions and banks.

Status of rural electrification

As of August 2017, about 1% of the villages in India remain un-electrified (3,146 villages). However, with regard to households, around 23% (4.1 crore households) are yet to be electrified. Table 1 at the end of this post shows the status of rural electrification across all states.

Issues with rural electrification

Definition of an electrified village

An electrified village is defined as one that has the following: (i) provision of basic infrastructure such as distribution transformers and lines in the inhabited locality, (ii) provision of electricity in public places like schools, panchayat office, health centers, dispensaries, and community centers, and (iii) at least 10% of the total number of households in the village are electrified.^[v]

Therefore, a village is considered to be electrified if 10% of the total number of households in the village have been electrified. This is apart from the basic infrastructure and electrification of certain public centers in the village. The Standing Committee on Energy (2013) had observed that according to this definition, a village would be called electrified even if up to 90% of households in it do not have an electricity connection.^[v] It also noted that the infrastructure being provided under the scheme is highly inadequate, unreliable and unsustainable. The Committee recommended that the actual electrification requirement of villages must be assessed, and it should be ensured

that the state discoms provide electricity to the remaining households in the village.

Supply of electricity

The Standing Committee had also noted that while the rural electrification scheme looks at creating infrastructure, the actual supply of electricity to households rests with the state discoms.^[M] These discoms are already facing huge financial losses and hence are unable to supply electricity to the villages. Discoms continue to supply subsidised power to agricultural and residential consumers, resulting in revenue losses. Further, the average technical and commercial losses (theft and pilferage of electricity) (AT&C losses) are at around 25%. While the Ujjwal Discom Assurance Yojana (UDAY) has eased off some of the financial losses of the discoms, it remains to be seen whether discoms are able to reduce the cost-tariff gap and AT&C losses in the future.

It has been recommended that generation capacity should be augmented so that states can meet the additional demand under the rural electrification schemes. Further, the assistance to financially weaker states should be increased so that they can better implement the scheme.^[M]

Electricity to below poverty line (BPL) households

Under the rural electrification scheme, the cost for providing free electricity connection per BPL household is Rs 3,000. It has been observed that this cost per household may be inadequate.^[M] Due to the low cost, the quantity and the quality of work has been getting compromised leading to poor implementation of the scheme. It has been recommended that the Ministry should revisit the cost provided under the scheme.^[M]

The new electrification scheme: Pradhan Mantri Sahaj Bijli Har Ghar Yojana (or Saubhagya)

The new scheme, Saubhagya, seeks to ensure universal household electrification, that is, in both rural and urban areas. Under Saubhagya, beneficiaries will be identified using the Socio Economic and Caste Census (SECC) 2011 data. The identified poor households will get free electricity connections. Other households not covered under the SECC, will be provided electricity connections at a cost of Rs 500. This amount will be collected by the electricity distribution companies in 10 instalments.

The total outlay of the scheme will be Rs 16,320 crore, of which the central government will provide Rs 12,320 crore. The outlay for the rural households will be Rs 14,025 crore, of which the centre will provide Rs 10,588 crore. For urban households the outlay will be Rs 2,295 crore of which the centre will provide Rs. 1,733 crore.

The state discoms will execute the electrification works through contractors or other suitable agencies. Information technology (mobile apps, web portals) will be used to organise camps in villages to identify beneficiaries. In order to accelerate the process, applications for electricity connections will be completed on the spot.

So far the focus of electrification schemes has been on rural areas, where typically last mile connectivity has been difficult to provide. Saubhagya extends the ambit of electrification projects to urban areas as well. While DDUGJY has focused on the village as the principal unit to measure electrification, the new scheme shifts the targets to household electrification. While the target for ensuring electricity connection in each household will be a significant step towards ensuring 24x7 power, the question of continuous and quality supply to these households will still rest on the ability of the discoms to provide electricity. Further, while the scheme provides for free connections, the ability of these households to pay for the electricity they consume may be a

concern.

Table 1: Status of rural electrification across states (as of August 2017)

State	Total inhabited villages (Census 2011)	Number of un-electrified villages	% of un-electrified villages	Total rural households (in lakh)	Rural households to be electrified (in lakh)	% of un-electrified households
Andhra Pradesh	26,286	-	0%	112.16	0	0%
Arunachal Pradesh	5,258	1,191	23%	2.32	0.81	35%
Assam	25,372	337	1%	51.88	24.2	47%
Bihar	39,073	214	1%	123.21	65.87	53%
Chhattisgarh	19,567	256	1%	45.2	6.48	14%
Goa	-	-	-	-	-	-
Gujarat	17,843	-	0%	66.52	0.24	0%
Haryana	6,642	-	0%	34.22	6.89	20%
Himachal Pradesh	17,882	-	0%	14.7	0.19	1%
Jammu & Kashmir	6,337	102	2%	12.9	2.7	21%
Jharkhand	29,492	368	1%	54.71	30.63	56%
Karnataka	27,397	10	0%	94.77	7.6	8%
Kerala	1,017	-	0%	71.03	0	0%
Madhya Pradesh	51,929	46	0%	113.93	45.19	40%
Maharashtra	40,956	-	0%	137.85	3.7	3%
Manipur	2,379	62	3%	3.88	1.07	28%
Meghalaya	6,459	125	2%	4.63	1.39	30%
Mizoram	704	11	2%	1.1	0.011	1%
Nagaland	1,400	-	0%	1.6	0.88	55%
Odisha	47,677	373	1%	85.5	34.36	40%
Punjab	12,168	-	0%	36.89	0	0%
Rajasthan	43,264	-	0%	89.57	20.84	23%
Sikkim	425	-	0%	0.37	0.06	16%
Tamil Nadu	15,049	-	0%	102.84	0	0%
Telangana*	-	-	0%	59.7	4.17	7%
Tripura	863	-	0%	7.96	2.17	27%
Uttarakhand	15,745	49	0%	17.32	1.85	11%
Uttar Pradesh	97,813	2	0%	301.91	148.02	49%
West Bengal	37,463	-	0%	138.2	1.28	1%
Total	596,460	3,146	1%	1786.87	410.601	23%

* all villages in Telangana were declared electrified before the bifurcation of the state.

Sources: Ministry of Power; PRS.

[i] "PM launches Pradhan Mantri Sahaj Bijli Har Ghar Yojana "Saubhagya"", Press Information Bureau, Ministry of Power, September 25, 2017.

[ii] "FAQs on Pradhan Mantri Sahaj Bijli Har Ghar Yojana "Saubhagya"", Press Information Bureau, Ministry of Power, September 27, 2017.

[iii]. Rural Electrification Policy, Ministry of Power, August 23, 2006,

http://powermin.nic.in/sites/default/files/uploads/RE%20Policy_1.pdf.

[iv]. "Office memorandum: Deendayal Upadhyaya Gram Jyoti Yojana", Ministry of Power, December 3, 2014,

http://powermin.nic.in/rural_electrification/pdf/Deendayal_Upadhyaya_Gram_Jyoti_Yojana.pdf.

[v]. "41st Report: Implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana", Standing Committee on Energy, December 13, 2013,

http://164.100.47.134/lssccommittee/Energy/15_Energy_41.pdf.

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