

Beat: News

UDAY Will Lead To Rs 1.8 Lakh Crore Savings Annually : Piyush Goyal

Ujjwal Discom Assurance Yojana

Mumbai, India, 11.11.2015, 17:40 Time

USPA NEWS - The Minister of State (Independent Charge) for Power, Coal and New and Renewable Energy, Mr. Piyush Goyal attended interactive meeting with the investor, in Mumbai on November 09, 2015.

UDAY can help almost all the loss making Discoms in the country to post profits within next 2-3 years.

Union Minister of State (IC) for Power, Coal and Renewable Energy, Mr. Piyush Goyal asserted that the newly unveiled debt restructuring plan for DISCOMs, will eventually lead to a saving of Rs 1,80,000 crore annually. Named as UDAY (Ujjwal Discom Assurance Yojana), which also means dawn in English, the package involves a massive bailout plan for debt ridden Discoms, besides measures to reduce power thefts, align consumer tariff with generation cost and promote energy efficiency.

Mr. Piyush Goyal held an extensive investors interaction meeting in Mumbai on November 9, to explain the new power sector reform initiative of the government. In a packed house attended by FIIs, Private Equity Funds, Sovereign Wealth funds, Insurance companies, rating agencies, analysts and Mutual funds among others, the Power Minister expressed confidence that UDAY will find pan-India acceptance. "Almost all the state power ministers heartily welcomed the new initiative during the Conference held in Kochi last week" he said.

The Minister said it is a bottom up approach, not a top down approach. The states will be assisted and hand held to bring down the cost of power by improving their distribution, transmission and sub transmission network, reducing the cost of power through coal rationalization and also bringing down the interest cost substantially.

The Minister said the weakest aspect in the power sector was related to distribution, wherein Discoms have accumulated losses of approximately 3.8 lakh crores and outstanding debt of Rs 4.30 lakh crores. The Minister said, UDAY is also a good news for the banking sector, which has a huge exposure to the near bankrupt state Discoms.

Under UDAY, states can take over 75 per cent of their debt as on September 30, and payback lenders by issuing bonds. This takeover of debt will not be added to the fiscal deficit of the states. For the remaining 25 per cent, the State Electricity Boards shall issue bonds. The Minister assured the assembled investors that the sovereign, state and PSU bonds of India have never failed on payments.

Mr. Goyal asserted that tariff increase was no substitute for efficiency improvement and added "regulators cannot pass on inefficiency of Discoms to consumers".

The Minister said the energy efficiency under UDAY would be achieved by reduction in interest rate, reduction in aggregate technical and commercial losses, increase in coal availability, improving billing and collection efficiency, and better demand side management. He said the National Domestic LED Programme alone, when fully implemented will lead to reduction of consumer bills to the tune of Rs 40,000 crore, besides reducing peak load by 20,000 Mega Watts.

Terming UDAY as a new milestone in the power sector, even though it is optional, the Minister Goyal urged all states to look at it in the holistic fashion and see the benefits it offers. He said states accepting the scheme and performing as per operational milestones will be given additional or priority funding under Deen Dayal Upadhyay Gram Jyoti Yojana and Integrated Power Development Scheme and other schemes of the power and renewable energy ministries.

The Minister said that if implemented in right spirit UDAY can help almost all the loss making Discoms in the country to post profits within next 2-3 years.

Article online:

<https://www.uspa24.com/bericht-6240/uday-will-lead-to-rs-18-lakh-crore-savings-annually-piyush-goyal.html>

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V.i.S.d.P. & Sect. 6 MDSStV (German Interstate Media Services Agreement): Doruvu Paul Jagan Babu

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Official Federal Reg. No. 7442619