

## **Performance of UDAY**

### **What is the issue?**

\n\n

UDAY has started to yield results, but it needs to step up work in slow progressing states.

\n\n

### **What is the status of UDAY?**

\n\n

\n

- The central purpose of UDAY is to improve the financial health of state-owned power distribution companies.

\n

- This goal is supposed to be achieved by improving operational performance, reducing the aggregate transmission and commercial (AT&C) losses, and bridging the gap between the average cost of supply (ACS) and average revenue realisation (ARR) of discoms.

\n

- The AT&C losses and interest cost have all started decreasing, resulting in a 40 per cent reduction in the revenue-cost gap.

\n

- The average AT&C losses have come down to 20 per cent in 2017 from 23 per cent in 2014.

\n

- That states have a lot of ground to cover to meet the 15 per cent target by 2019.

\n

\n\n

### **What is status of poor performing states?**

\n\n

\n

- There are still eight states, including Chhattisgarh, Bihar, Uttar Pradesh, Rajasthan, Haryana, and Jammu & Kashmir, where the situation has not

shown much improvement.

\n

- In fact, the AT&C losses have actually grown after these states joined the debt-restructuring scheme.

\n

- Besides the AT&C losses, even the difference between the power procurement cost and the selling price has gone up.

\n

- In states such as Uttar Pradesh, Rajasthan, Punjab, Haryana, Jharkhand, and Tamil Nadu this gap between the ACS and ARR ranges from 0.26 to 2.55.

\n

- Despite this slippage, the average ACS-ARR gap was reduced to 0.46 in 2017 from 0.76 three years ago.

\n

- Unless these laggard states show a sustainable improvement in the financials of their discoms, UDAY may find it difficult to achieve its final goal at the national level.

\n

\n\n

\n\n

**Source: Business Standard**

\n

