

UDAY

June 5, 2020

Objective: Financial turnaround and revival of Power Distribution companies (DISCOMs) and ensure a sustainable permanent solution to the problem

Target: target of making all discoms profitable by 2018-19. The scheme will ease the financial crunch faced by power distribution companies that has impaired their ability to buy electricity.

- It is based on the premise that it is states' responsibility to ensure that discoms become financially viable.
- States shall take over 75% of DISCOM debt as on 30 September 2015 over two years i.e. 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17.
- Government of India will not include the debt taken over by the States as per the above scheme in the calculation of fiscal deficit of respective States in the financial years 2015-16 and 2016-17.
- States will issue non-SLR including SDL bonds in the market or directly to the respective banks / Financial Institutions (FIs) holding the DISCOM debt to the appropriate extent.
- DISCOM debt not taken over by the State shall be converted by the Banks / Financial Institutions into loans or bonds.
- Nagaland, Odisha and West Bengal are only three states that have not joined the scheme.