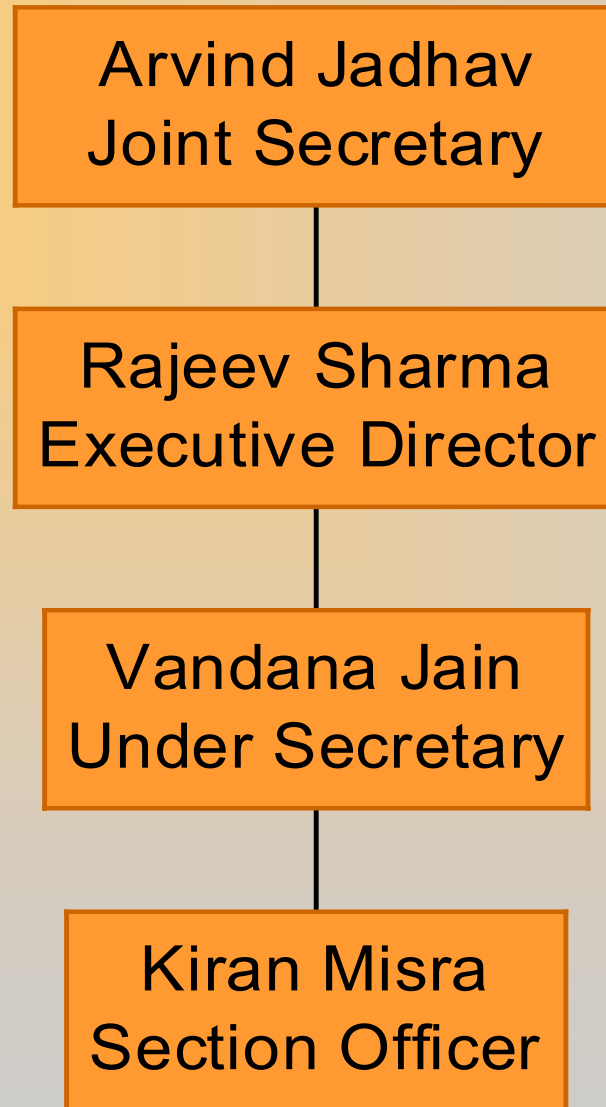




WELCOME

PRESENTATION ON RURAL ELECTRIFICATION

RURAL ELECTRIFICATION WING



FUNCTIONS OF RE WING

- Matters related to Rural Electrification Programme in the country
- Matters related to Rural Electrification Corp. Ltd.
- Release of funds for RE programme
- Parliament Questions on the above

SCHEMES FOR RURAL ELECTRIFICATION...

- Minimum Needs Programme (MNP) started in Fifth FYP, Rural electrification was one of the components of the programme. The scheme was discontinued in 2004-05 on account of difficulties in implementing the scheme.
- Pradhan Mantri Gramodaya Yojana (PMGY). The scheme had six components including rural electrification. The states had discretion of utilizing the funds for different components as per their own priorities. The scheme has been discontinued from 2005 onwards.

..SCHEMES FOR RURAL ELECTRIFICATION

- KUTIR JYOTI scheme. It was launched in 1988-89 for extending single point light connections to households of rural poor families below the poverty line including harijans and adivasi families. 100% grant was given under the scheme. The scheme was merged into programme for “Accelerated Electrification of One Lakh villages and One Crore households” in May, 2004.
- AREP was started in 2003-04 which had provision of interest subsidy of 4% for REC financed rural electrification schemes

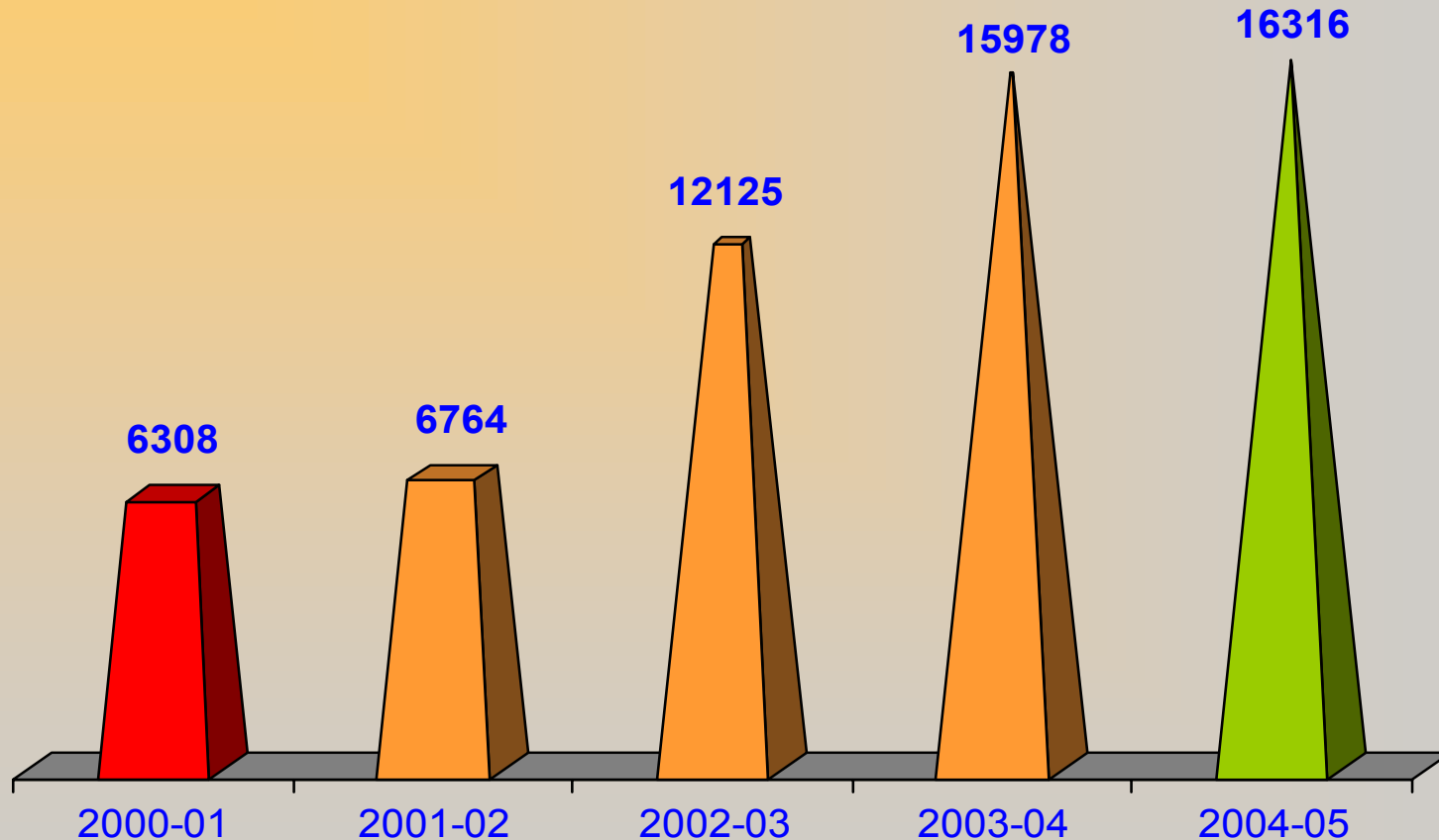
..SCHEMES FOR RURAL ELECTRIFICATION

- “Accelerated Electrification of one lakh villages and one crore households” was started in 2004-05. It had the provision of 40% grant and 60% loan for projects related to rural electrification. This scheme covered UP, Rajasthan, Bihar and WB.
- “Accelerated Electrification of one lakh villages and one crore households”, MNP & Kutir Jyoti have now been merged with RGGVY

RURAL ELECTRIFICATION CORPORATION LTD.

- ★ REC was formed in 1969 with a mission to facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and semi urban population.
- ★ Was notified as Public Financial Institution in 1992.
- ★ Was registered as NBFC in 1998.
- ★ Was upgraded as Schedule A Company in 2001.
- ★ The object clause of REC was expanded in the year 2002 to include financing of all projects including transmission and generation without any restriction on population, geographical location or size.

LOANS SANCTIONED BY REC



(Figures in Rs. Crore)

PRESENT STATUS OF RURAL ELECTRIFICATION

No.of inhabited villages	-	587556
(As per 1991 census)		
Total village electrified	-	474982 nos.
(As on 31.3.2004)		
Un-Electrified villages	-	112401* nos.
Total rural households	-	138271559 nos.
(As per 2001 census)		
Households to be electrified	-	78090874 nos.

* As per the new definition of Village Electrification, un-electrified villages are estimated to be around 1,25,000 nos.

STATES HAVING 100% VILLAGE ELECTRIFICATION

- Andhra Pradesh
- Goa
- Haryana
- Kerala
- Punjab
- Tamil Nadu
- Maharashtra
- Gujarat
- Nagaland.

STATES WITH MORE THAN 95% VILLAGE ELECTRIFICATION

- ★ Mizoram,
- ★ Karnataka,
- ★ Himachal Pradesh,
- ★ J&K,
- ★ Tripura,
- ★ Rajasthan
- ★ Madhya Pradesh

75% < STATES < 95%

VILLAGE ELECTRIFICATION

- ★ Chattisgarh
- ★ Uttaranchal
- ★ West Bengal
- ★ Assam
- ★ Orissa
- ★ Manipur
- ★ Sikkim

VILLAGE ELECTRIFICATION <75%

- ★ Arunachal Pradesh
- ★ Bihar
- ★ Jharkhand
- ★ Meghalaya
- ★ Uttar Pradesh

EARLIER DEFINITION OF VILLAGE ELECTRIFICATION

As per the earlier definition of village electrification, a village was deemed to be electrified if the electricity was used in the inhabited locality, within the revenue boundary of the village, for any purpose whatsoever.

NEW DEFINITION OF VILLAGE ELECTRIFICATION (W.E.F. APRIL, 2004)...

“A village will be deemed to be electrified” if

- ★ Basic infrastructure such as distribution transformer and distribution lines are provided in the inhabited locality as well as the dalit basti / hamlet where it exists. (For electrification through non-conventional energy sources a Distribution Transformer may not be necessary)

...NEW DEFINITION OF VILLAGE..

- ★ Electricity is provided to public places like schools, panchayat offices, health centers, dispensaries, community centers, etc.
- ★ Number of households electrified should be at least 10% of the total number of households in the village.
- ★ Certification by Village Panchayat to the effect

ELECTRICITY ACT, 2003

ENVISAGES THE FORMULATION OF TWO MAIN POLICIES

★ Section 4

A National Policy permitting stand-alone systems (including those based on renewable sources of energy and non-conventional sources of energy) for rural areas (Yet to be notified)

★ Section 5

A National Policy for rural electrification and for bulk purchase of power and management of local distribution in rural areas through Panchayat Institutions, users' associations, co-operative societies, Non-Governmental Organisations or franchisees (Yet to be notified)

NEW PROGRAMME

RAJIV GANDHI GRAMEEN

VIDYUTIKARAN YOJANA (RGGVY)

- ★ Government has introduced a new scheme in April, 2005 “**Rajiv Gandhi Grameen Vidyutikaran Yojana**” (RGGVY) which gives 90% capital subsidy for creating infrastructure and targets to electrify all rural households in five years. Soft loan will be given by REC for remaining 10% component of the project cost @ 5%.

SCOPE OF THE SCHEME...

90% Capital subsidy for provision of –

★ Rural Electricity Distribution Backbone (REDB)

Provision of 33/11 KV (or 66/11 KV) substations of adequate capacity and lines in blocks where these do not exist.

★ Creation of Village Electrification Infrastructure (VEI)

- Electrification of un-electrified villages.
- Electrification of un-electrified habitations.
- Provision of distribution transformers of appropriate capacity in electrified villages / habitation(s).

...SCOPE OF THE SCHEME

- ★ Decentralised Distributed Generation (DDG) and Supply
 - Decentralised generation-cum-distribution from conventional sources for villages where grid connectivity is either not feasible or not cost effective provided it is not covered under the programme of Ministry of Non-conventional Energy Sources for providing electricity from non-conventional energy sources under their remote village electrification programme of 25000 villages.

...SCOPE OF THE SCHEME

REDB, VEI and DDG to Cater Agricultural Activities Including

- Irrigation pumpsets
- small and medium industries
- Khadi and village industries
- Cold chains
- Healthcare
- Education and IT

This would facilitate overall rural development, employment generation and poverty alleviation.

...SCOPE OF THE SCHEME

- ★ BPL households to get electricity connection free of charge
- ★ REC has been designated as the nodal agency for implementation of the programme
- ★ All funds for the programme would be channelised through REC
- ★ Besides financing of the projects, REC shall establish the frame work for implementation involving formulation of technical specification, procurement and bidding condition, guideline for project formulation, field appraisal

FRANCHISEES

- ★ Management of rural distribution through franchisees who could be Non-Governmental Organisations (NGOs), Users Association, Cooperatives or individual entrepreneurs, the Panchayat institutions would be associated.
- ★ The franchisees arrangement could be for system beyond and including feeders from substation or from and including Distribution Transformer(s).

TYPES OF FRANCHISEES MODEL

- ★ **Orissa Model** :Village contact person approach
- ★ **Sunderban Model** :Off Grid solutions through co-operative
- ★ **Assam Model** :Single point supply through User's association
- ★ **Karnataka Model** :Gram Vidyut Pratinidhi
- ★ **W.B Model** :SHGs/NGOs/CBOs
- ★ **Nagaland Model** :Village Electricity Mgmt. Boards
- ★ **Gujarat** : JYOTIGRAM

REVENUE SUSTAINABILITY OF THE MODEL

- Bulk Supply Tariff (BST) for the franchisee will be determined after ensuring commercial viability.
- The State Government to provide subsidy incase it wants to lower the tariff
- While administering the scheme, prior commitments will be taken from the state Govt. regarding revenue sustainability and provision of revenue subsidy to state utility
- In case the projects are not implemented satisfactorily in accordance with conditionalities, grants can be converted into interest bearing loans
- The projects will be eligible for capital subsidy only if they fulfill the **conditionalities**

CONDITIONALITIES

- States must make adequate arrangements for supply of electricity.
- No discrimination in the hours of supply between rural and urban households.
- Deployment of franchisee for the management of rural distribution.
- Making provision of requisite revenue subsidy by the state.
- Determination of BST in a manner that ensures commercial viability.
- To implement the projects on a turnkey basis.

ASSISTANCE BY CPSUs

- Services of CPSUs are being offered to the states for assisting them in the execution of RE projects as per their willingness and requirement.
- REC has entered into MOU with NTPC, POWERGRID, NHPC and DVC to make available CPSUs' expertise to states.

MONITORING OF THE SCHEME

- Monthly meetings of the Monitoring Committee chaired by Secretary (Power). It represent Planning Commission, Ministry of Finance, Ministry of Panchayati Raj, Ministry of Rural Development, MNES, CEA & REC
- Quarterly review meeting of RGGVY with REC
- QPR of REC
- Fortnightly Reports on RGGVY from REC

MONITORING COMMITTEE MEETINGS

- First meeting of the held on 21th July 2005
- Second meeting held on 2nd Sep 2005
- Third meeting is scheduled on 6th Oct 2005

STATUS OF IMPLEMENTATION OF RGGVY AS ON 30TH SEPTEMBER 2005

Projects sanctioned	: 170
Districts covered	: 173
Un-electrified villages	: 55,781
Electrified villages covered	: 49,251
Rural households covered	: 58,21,636
Estimated Project cost of the above	: 5885 Cr.
No. of NITs issued	: 114
Projects for which contracts awarded	: 70
States which have signed Agreements	: 24

PROJECTS SANCTIONED

Uttar Pradesh	: 62
Bihar	: 28
Rajasthan	: 25
West Bangal	: 13
Kerala	: 7
Uttranchal	: 4
Haryana	: 6
J & K	: 2
Madhya Pradesh	: 1
Karnataka	: 17
Gujarat	: 1
Andhra Pradesh	: 4
Total projects sanctioned	: 170

NO. OF DISTRICTS ALLOCATED TO CPSUs/SEBs FOR RE

State	PGCIL	NTPC	NHPC	DVC	Utility	Total
Bihar	22	-	6	-	-	28
Chattisgarh	-	5	7	-	4	16
J&K	-	-	7	-	7	14
Jharkhand	-	8	-	8	6	22
Orissa	12	12	6	-	-	30
Rajasthan	-	-	-	-	8	8
U. P	8	-	-	-	57	65
Uttaranchal	-	-	-	-	4	4
W.B	2	1	1	1	8	13
Total	44	26	27	9	94	200

STATUS OF IMPLEMENTATION OF RGGVY IN UTTAR PRADESH

Total no. of villages	: 97,122
Un-electrified villages as on Mar'04	: 40,080
Rural households electrified	: 19.84 %
No. of un-electrified households	: 1.6 cr.
Amount disbursed in 2004-05	: 639.96 ⌘ cr.

⌘ Under the scheme “one lakh villages and one crore households”

IMPLEMENTATION IN UP

Implementing agencies	: PGCIL & 4 Discoms
Projects sanctioned	: 62
Districts covered	: 65
Un-electrified villages covered	: 30,802,
Rural households covered	: 12,58,844*
NITs issued	: 62 projects.
Contracts awarded	: 60 projects.
Total Project cost sanctioned	: Rs.2291.40 crore

* It includes 799417 BPL households.

IMPLEMENTATION IN BIHAR

Un-electrified villages	- 19224
Projects sanctioned	- 28
Implementing agencies	- PGCIL & NHPC
Districts being covered	- 28
Blocks being covered	- 392
Un-electrified villages being covered-	18602
Rural households being covered	- 928217
NITs issued	- 28
Contracts awarded	- 5
Total Project cost sanctioned	- Rs.1618 cr.

IMPLEMENTATION IN WB

Un-electrified villages	- 6205
Projects sanctioned	- 13
Districts being covered	- 13
Implementing agencies	- WBSEB, PGCIL, NTPC, NHPC & DVC
Un-electrified villages covered	- 4283
Rural households covered	- 145918*
NITs issued	- 12
Contracts awarded	- 5
Total Project cost sanctioned	- 385.03 cr.

*It includes 97847 BPL households.

IMPLEMENTATION IN RAJASTHAN

Un-electrified villages	- 613
Projects sanctioned	- 8
Districts being covered	- 8
Implementing agencies	- DISCOMs
Un-electrified villages covered	- 472
Rural households covered	- 12433
NITs issued	- 8
Total Project cost sanctioned	- 31.09 cr.

AMERICAN EXPERIENCE IN RURAL ELECTRIFICATION

- ★ The Rural Electricity Act of 1936.
- ★ The Electric Programme makes loans and loan guarantees.
- ★ RUS makes loans to corporations, states, territories, subdivisions and municipalities, people's utility districts and cooperatives.
- ★ RUS also provides financial assistance to rural communities with extremely high energy costs.
- ★ RUS services approximately 686 active electric borrowers in 47 states.

.....AMERICAN EXPERIENCE

- ★ Around 600 rural electric co-operatives are functional
- ★ Tariff fixation is outside the purview of regulator
- ★ Board of Directors of the co-operative fixes/ revises its tariff.
- ★ Consumers are quite scattered.
- ★ Cooperatives are having a load from 40 MW to 1000 MW. They get **PREFERENCE POWER.**

PREFERENCE POWER

- ★ Preference power generally refers to electric power produced by a federal power entity and delivered to specific customers.
- ★ Preference power is predominantly hydroelectric power and is generally the lowest cost power.
- ★ Preference power is provided to rural electric cooperatives throughout USA.

RURAL UTILITIES SERVICE (RUS) FUNDING

- ★ Existing Lines
- ★ Upgrade
- ★ Replace
- ★ Relocate
- ★ New Substations
- ★ Modify/ Upgrade Substations
- ★ Automatic Meter Reading (AMR)
- ★ Dual Voltage/ Step Down Transformers

STEPS BEING TAKEN BY MOP FOR EXPEDITING RE

- Ministry of Power is following up with the states to give data on electrified villages as per the new definition.
- MOP has asked the states to notify rural areas to avail maximum benefits under the schemes
- REC has circulated draft franchisee documents to all the states to enable them to formulate their documents at the earliest

REQUIREMENTS OF FUNDS

➤ Rs. 400 crore were released under “Accelerated Electrification of one lakh villages and one crore households” for the year 2004-05 which has now been merged with “Rajiv Gandhi Grameen Vidyutikaran Yojana”

➤ For the year 2005-06, REC has estimated an expenditure of Rs. 1800 crore as capital subsidy besides Rs. 400 Cr. allocated last year. Total estimated expenditure during 2005- 06 is Rs. 2200 cr.

➤ Ministry of Power has been allocated Rs. 1100 crore under the scheme RGGVY. It is expected that enhancement in the allocation by Rs. 700 crore may be made

➤ For X Plan (2005-06, 2006-07) Govt has approved Rs. 5,000 cr. for the scheme. The scheme will be reviewed at the end of X Plan for further funds

THANK YOU