



# THE ECONOMIC TIMES

9 MARCH 2001 VOLUME 41 NO 5

## Safe haven for power thieves

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**I**N A note submitted to the Electricity Regulatory Commission (ERC), Delhi Vidyut Board (DVB) has proposed an almost 100 per cent increase in power tariff on supplies

made to households in Delhi. Even the poor households have not been spared as the suggested hike in the 0-100 units per month slab is 110 per cent. The proposed hike is expected to yield an additional revenue of Rs 1300 crore per annum. The state government believes that this will significantly improve DVB's financial health and in turn, help in finding a good buyer for it under the contemplated privatisation plan.

Interestingly, the paper submitted by DVB to ERC concedes that there is large scale theft of power. The value of this is almost equal to the revenue that DVB currently realises, i.e., about Rs 3000 crore. And, if only power theft is reduced by 40 per cent, this could yield almost the same amount as envisaged under

the tariff hike package.

In view of above, logically, the DVB should force the thieves to fully pay for electricity consumed instead of putting more burden on honest consumers. But, the authorities maintain that the efforts made in this direction have so far not succeeded. Hence, the proposal to charge more from those who are already paying.

This approach is pregnant with dangerous possibilities. It implies that the authorities have reconciled to a situation of continuing power thefts. It also means the households and other users who pay the bills in full, will have to fork out much more to prevent DVB from turning bankrupt.

Power thefts are rampant in other states as well. Indeed, it is a national phenomenon. The national average for transmission and distribution losses (a euphemism for power theft) is about 25 per cent (as against 50 per cent in Delhi). In monetary terms, these work out to about Rs 25,000-30,000 crore.

Against this backdrop, if, all State Electricity Boards (SEBs) were to emulate the path shown by DVB/Delhi government, then the consumers all over the country

should get ready for a hefty increase in power tariff in order to keep SEBs afloat. Thus, if, 40 per cent of the T&D loss is to be recouped in this manner, then, they will have to shell out an additional Rs 10,000-12,000 crore! The ball does not stop here. Since, the dispensation sought by DVB — and perhaps, by other SEBs as well — seeks to put a premium on theft of electricity, the number of thieves is bound to swell in the course of time. Correspondingly, the number of those who pay will decline. On DVB's logic, this group will have to pay at a progressively higher rate.

Stretch this logic beyond a certain point. And, we will have a horrendous scenario whereby, the electricity rate, i.e., Rs per KWH could run into several hundreds or perhaps, lakhs or even crores of rupees depending on how many of them continue to pay. One could even contemplate a situation of all users converted into thieves, in which the rate will be infinite! In view of the serious implications, the ERC should reject outright the patently illogical and absurd proposal mooted by DVB. Instead of going for the soft option

of hike in tariff, the latter should launch a vigorous drive for minimising the menace of power theft. If need be, the government can raise resources needed for this from World Bank and other international agencies under reform programme for power sector.

Given the political will and a proactive approach, there is no reason why such a drive will not yield results. Even if, the DVB reaches the level of 40 per cent — as mentioned in its paper — this will significantly improve its balance-sheet. In fact, under this scenario, it could even think of giving relief by way of reducing the power tariff. This will set a good precedent for other SEBs as well.

In case the government still believes that it cannot make any dent on the problem of power theft, then, the only viable option to salvage the DVB is to hand it over to the private sector. The fear that it will not find takers, is baseless. If only it decides not to put any rider and allows a free hand to private operator, there will be no dearth of them.

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