



## Revamped Distribution Sector Scheme

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### Why in News

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Recently, the **Cabinet Committee on Economic Affairs** has approved a **Reforms-based and Results-linked, Revamped Distribution Sector Scheme** worth Rs. 3.03 trillion wherein the Centre's share will be Rs. 97,631 crore.

It aims to improve the **operational efficiencies** and **financial sustainability of discoms (excluding Private Sector DISCOMs)**.

### Key Points

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- **About:**

- It will provide **conditional financial assistance** to strengthen the **supply infrastructure of discoms (power distribution companies)**.  
The **financial assistance** will be based on **meeting pre-qualifying criteria** and upon achievement of **basic minimum benchmarks**.
- All the **existing power sector reforms schemes** such as **Integrated Power Development Scheme, Deen Dayal Upadhyaya Gram Jyoti Yojana, and Pradhan Mantri Sahaj Bijli Har Ghar Yojana** will be merged into this umbrella program.
- The scheme will be **available till 2025-26**.

- **Implementation:**

It would be based on the **action plan worked out for each state** rather than a **'one-size-fits-all' approach**.

- **Nodal Agencies:**

Rural Electrification Corporation and Power Finance Corporation.

- **Components:**
  - **Consumer Meters and System Meters:**
    - The scheme involves a **compulsory smart metering ecosystem** across the distribution sector—starting from electricity feeders to the consumer level, including in about 250 million households.
    - It is proposed to install approximately **10 crore prepaid Smart Meters** by December, **2023 in the first phase.**
  - **Feeder Segregation:**
    - Scheme also focuses on funding for **feeder segregation for unsegregated feeders**, which would enable solarization under the **PM-KUSUM Scheme.**
    - Solarization of feeders will lead to cheap/free day time power for irrigation and additional income for the farmers.
  - **Modernization of Distribution system in Urban Areas:**  
**Supervisory Control and Data Acquisition (SCADA)** in all urban areas.
  - **Rural and Urban area System strengthening.**
- **Special Category States:**  
North-Eastern State of Sikkim and States/Union Territories of Jammu & Kashmir, Ladakh, Himachal Pradesh, Uttarakhand, Andaman & Nicobar Islands, and Lakshadweep will be treated as Special Category States.
- **Objectives:**
  - Reduction of **AT&C losses (operational losses due to inefficient power system)** to pan-India levels of 12-15% by 2024-25.
  - Reduction of **cost-revenue gap** to zero by 2024-25.
  - Developing Institutional Capabilities for Modern DISCOMs.

- **Related Schemes:**

- **Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya):** To ensure electrification of all willing households in the country in rural as well as urban areas.
- **Integrated Power Development Scheme (IPDS):** The scheme provides for (a) strengthening of sub-transmission and distribution networks in urban areas; (b) metering of distribution transformers/feeders/consumers in urban areas; and (c) IT enablement of distribution sector and strengthening of distribution network.
- **Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY):** The rural electrification scheme provides for (a) separation of agriculture and non-agriculture feeders; (b) strengthening and augmentation of sub-transmission and distribution infrastructure in rural areas including metering at distribution transformers, feeders and consumers end.
- **GARV (Grameen Vidyutikaran) App:** To monitor transparency in implementation of the electrification schemes, Grameen Vidyut Abhiyanta (GVAs) have been appointed by the government to report progress through the GARV app.
- **Ujwal Discom Assurance Yojana (UDAY):** For operational and financial turnaround of Discoms.
- **'4 Es' in the Revised Tariff Policy:** The 4Es include Electricity for all, Efficiency to ensure affordable tariffs, Environment for a sustainable future, Ease of doing business to attract investments and ensure financial viability.

**Source: PIB**