UDAY Scheme

Why in News

Distribution Companies' (Discom) losses, which had progressively reduced in the first couple of years since the rollout of Ujwal Discom Assurance Yojana (UDAY) in November 2015, have rebounded in the financial year 2019.

- Book losses of discoms reduced from Rs 51,562 crore in the financial year 2016 to Rs 15,132 crore in 2018. However, the losses in 2019 have nearly doubled to Rs 28,036 crore vis-a-vis 2018. This points that discoms are lagging behind in eliminating the **ACS-ARR gap** (the gap between Average Cost of Supply and Average Revenue Realised).
- Discoms have also missed the year 2019 UDAY target to bring down their **Aggregate Technical and Commercial (AT&C)** losses to 15%.
- The primary reason is the failure of discoms to collect the full cost that they pay for power — the same issue that had led to the floundering of the previous two schemes - **Accelerated Power Development and Reforms Programme (APDRP)** and **Restructured APDRP (R-APDRP).**

Aggregate Technical and Commercial (AT&C) Losses

    It has two components
- **Technical Loss:** It is due to the flow of power in transmission and distribution system.
- **Commercial Loss:** It is due to theft of electricity, deficiencies in metering, etc.

- The Ujwal Discom Assurance Yojana (UDAY) was launched by the **Ministry of Power in November 2015** to help turn around the poor financial situation of state discoms.

- **Critical Components**
    - Takeover of 75% of discom debt by state governments,
    - Reduction in AT&C losses,
    - Timely tariff revisions and elimination of the gap between the Average Cost of Supply (ACS) and Average Revenue Realised (ARR) by the financial year 2019.
- It also envisages development of renewable energy sector and availability of 24*7 Power For All at an affordable price.
- There are several other operational efficiency targets under UDAY, such as feeder metering, smart metering and feeder segregation etc.
- The Scheme will wind up in March 2020.

Source: IE