

## The genesis of Delhi Model

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**By Sidharth Mishra**



With elections in few states now round the corner, Delhi Chief Minister Arvind Kejriwal is once again on his 'power charity' binge promising free 300 units of power in Punjab, Uttarakhand, Uttar Pradesh and Goa. He is hawking the Delhi Model of subsidizing power charges.

It's true that Kejriwal has subsidized power charges since 2014 but this was made possible through the power reforms which was implemented in Delhi in 2002. If a present-day researcher on power reforms in the national Capital were to do a project, the keywords would be SBI Caps, Discom, Transco, Genco and power theft.

According to a recent report, power theft in the national Capital has come down from 2002 to 2020 from 55% to 7.5%. In technical terms, this is called the aggregate technical and commercial (AT&C) losses, primarily caused by theft. The gains on this ground are also to be understood in terms growth in power supply, from a power demand of 2,879 megawatt in 2002 to 7,409 mega in 2019, which amounts in an increase of 157.3%.

On coming to power in 1998, one of the first major policy decision taken by the Sheila Dikshit government was to privatize power supply, for which SBI Caps was commissioned to prepare a roadmap. The consulting company suggested unbundling the government run Delhi Vidyut Board into three companies with three different mandates – power generation (Genco), power transmission (Transco) and power distributions (Discom).

The discoms, which was to have the consumer interface, was further divided in North, South and Tans-Yamuna, and their stakes were put up for sale. Thus, the private partners came in with Tata Power for North and Reliance-controlled BSES for South Delhi and Trans-Yamuna area. There was a meticulously made report from the public accounts committee (PAC) of Delhi

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assembly, which pointed towards questionable means adopted in the transfer of stakes.

However, the government brazened it out and went ahead with the privatization of power distribution in Delhi. The power reforms, as mentioned earlier, in the past 20 years have largely yielded good results especially in controlling power theft.

According to very rudimentary estimates, the reduction in AT&C losses has saved discoms and their consumers over Rs 1.2 lakh crore in the past 19 years. That is, each percentage of AT&C loss reduction had saved around Rs 250 crore for Delhi consumers. This is the genesis of the Delhi Model of Arvind Kejriwal which has its roots in the reforms of 2002.

Despite the manifold rise in power demand, there has been no electricity tariff hike since 2014 as the savings by way of AT&C losses have provided cushion to the Delhi discoms to ensure business continuity in the absence of tariff hike even though cost has increased. Despite the cushion, whatever gap remains it's met through the subsidy given by the government, diverting funds which could have been utilised for infrastructure development.

Now the larger question of Delhi Model being implementable in the other states. According to union power ministry figures, the AT&C losses in several states are very high in the absence of aggressive power reforms as witnessed in Delhi. Ujwal Discom Assurance Yojana (UDAY) website of power ministry states, AT&C losses in other states are much higher led by J&K, which is 67.7%, Chattisgarh (40.45%), Uttarakhand (34.4%), Madhya Pradesh (26.31%), Uttar Pradesh (24.89%), Maharashtra (20.76%), Rajasthan (20.47%), Andhra Pradesh (19.39%), Punjab (18.99%), Karnataka (13.8%), Tamil Nadu (12.46%) and Goa (11.84%).

Of the states mentioned above, at least three states of Punjab, Uttarakhand and Goa are high on the priority list of the Aam Aadmi Party for expanding its political base in the polls scheduled for 2022. In these states it's trying to wean public opinion in its favour by the way of aggressively marketing the Delhi Model, how it plans to implement this model is still not known.

(The writer is an author and President, Centre for Reforms, Development & Justice)