POWER DISTRIBUTION UTILITIES RECORD POSITIVE PAT AFTER YEARS OF LOSSES; THIS MARKS A NEW CHAPTER, SAYS POWER MINISTER

Several Initiatives in the Distribution Sector Improve Key Performance Indicators

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The country's power distribution utilities (DISCOMs and power departments) have collectively recorded a positive Profit After Tax (PAT) of ₹2,701 crore in year FY 2024-25 marking a significant turning point for the sector. The distribution utilities as a whole have been reporting PAT losses for past several years since unbundling and corporatization of State Electricity Boards.

The positive PAT of ₹2,701 crore returned in FY 2024-25 compares to a loss of ₹25,553 crore in year FY 2023-24 and a loss of ₹67,962 crore in FY 2013-14.

While commenting on this, Shri Manohar Lal, Union Minister of Power said that this marks a new chapter for the distribution sector and is a result of several steps that have been taken to redress the concerns of the distribution sector.

The Minister said this achievement was possible due to the leadership and vision of the Prime Minister Shri Narendra Modi captured in his words that, "India is driving not only its growth but also the growth of the world, with the energy sector playing a significant role in this". Shri Manohar Lal said the government is committed to the required reforms in the sector so that the power sector can support our growing economy and play its part in the journey towards Viksit Bharat.

INITIATIVES IN THE DISTRIBUTION SECTOR

Some of the transformative initiatives in the distribution sector include:

- Revamped Distribution Sector Scheme (RDSS): Enhancing financial viability through infrastructure modernization and accelerated smart metering.
- Additional Prudential Norms: Linking access to finance for Power sector Utilities to achievement against performance benchmarks to promote fiscal and operational discipline.
- Amendments to Electricity Rules: Enforcing timely cost adjustments, prudent tariff structures, and transparent subsidy accounting to ensure full cost recovery.
- Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025: Introducing uniform accounting and enhanced transparency across Distribution utilities for improved financial governance.
- Late Payment Surcharge Rules: Enforcing legal contracts through timely payments in the power sector thereby supporting investment in new RE projects.

- Incentivizing states to implement critical power sector reforms, with borrowing limits tied to performance metrics as part of Additional Borrowing Scheme.

IMPROVED INDICATORS

The result of these reforms is evident not just in the positive PAT posted by the Distribution Utilities after so many years, but also in other performance indicators.

- The Aggregate Technical & Commercial (AT&C) losses have reduced over the years, signalling a transformation. The AT&C losses have reduced from 22.62% in FY 2013-14 to 15.04% in FY 2024-25.
- Further, signalling much improved cost recovery, the Average Cost of Supply–Average Revenue Realized (ACS–ARR) gap has narrowed from ₹0.78/kWh in FY 2013-14 to ₹0.06/kWh in FY 2024-25.
- Reforms such as the Electricity (Late Payment Surcharge) Rules have led to a 96% reduction in outstanding dues to generating companies—from ₹1,39,947 crore in 2022 to just ₹4,927 crore by January 2026—while bringing down Distribution utility payment cycles from 178 days in FY 2020-21 to 113 days in FY 2024-25.

The Ministry of Power has put in concerted efforts over the past decade to improve the performance of distribution utilities across the country. In addition to the different policy initiatives, extensive engagements with States and UTs have emphasized reforms in the distribution sector. These include discussions led by Shri Manohar Lal, Union Power Minister during the Regional Conferences of Energy Ministers of States/UTs in 2025 - Gangtok (Northeastern Region), Mumbai (Western Region), Bengaluru (Southern Region), Chandigarh (Northern Region) and Patna (Eastern Region). Regular interactions and review have played an important role in DISCOMs accomplishing this remarkable turnaround.

This momentum is expected to be sustained as a result of the deliberations underway in the Group of Ministers constituted by Shri Manohar Lal under the chairmanship of Union Minister of State for Power and New & Renewable Energy, Shri Shripad Naik on the matter of improving Financial viability of the DISCOMs.

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