

## Electricity distribution

- The Electricity Act 2003 provided the framework for the dismantling of the State Electricity Boards and the separation of generation, transmission, and distribution into separate companies.
- Electricity generation was delicensed, while transmission and distribution remained licensed and regulated activities.
- Promoting competition, protecting consumer interests, and the supply of electricity to all were key objectives of the legislation.
- Under the new regime, a competitive industry structure in a generation has evolved.
- The share of private investment in the creation of new generating capacity has increased rapidly.
- Competitive procurement through long-term power purchase agreements (PPAs) grew and prices discovered through the market turned out to be lower than anticipated under the earlier cost-plus dispensation for determining tariffs.
- The impressive growth in renewable power is entirely the result of private investment.
- Tariff-based bids for the supply of electricity to distribution companies (Discoms) have been the key to the extraordinary success of the National Solar Mission
- The Electricity Act gives consumers with a load of 1 MW and above the right to open access, enabling them to buy electricity from whomever they choose to and pay the Discom only for the use of their distribution network and a cross-subsidy surcharge.
- This cross-subsidy surcharge became necessary as higher-end industrial and commercial consumers pay more and cross-subsidise the lower-end households whose tariffs are less
- However, the explicit mandate in the Electricity Act to the State Electricity Regulatory Commissions, to progressively reduce cross-subsidies, remains unimplemented
- 'Reforms', 'markets', 'competition', and 'consumer choice' has positive connotations.
- Discoms are seen as the weak link in the supply chain of electricity, with rising cumulative losses and an inability to pay generators on time.
- The idea of somehow dispensing with the Discoms and letting the free market solve the problems of the power sector appears deceptively simple and attractive
- There is the political economy issue

of misgovernance and rent-seeking in some States where privatization, as in Delhi, may perhaps be the only solution.

- Investment in generating capacity has been taking place primarily on the strength of long-term PPAs with Discoms.

## THE HINDU

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### Monetary policy

- The Monetary Policy Committee (MPC)'s latest decision, to extend the pause in the Reserve Bank of India (RBI)'s monetary tightening while staying focused on the withdrawal of accommodation, reflects the rate-setting panel's reassuring resolve to keep inflation front and center of its approach to policy.
- RBI Governor Shaktikanta Das was unequivocal in asserting that "the best contribution of monetary policy to the economy's ability to realize its potential is by ensuring price stability
- spatial and temporal distribution of rainfall during this monsoon in the wake of El Niño conditions, unabated geopolitical tensions, uncertainty over international commodity prices including those of sugar, rice, and crude oil, and the volatility in global financial markets as upside risks to the MPC's inflation projections.

- Another key factor feeding into the RBI's policy approach is its conviction that macroeconomic fundamentals have strengthened after the unrelenting focus on preserving price and financial stability
- To be sure, the increase in credit costs since the RBI started raising its benchmark interest rates in May 2022 appears to have retarded investment and consumption activity last year.

- Bank credit data show the pace of growth in loans to industry, particularly the MSME and medium sectors, slowed appreciably last year.
- The sequential contraction in estimated private consumption spending in the fourth quarter of the last fiscal year is also likely to have been, to some degree, a fallout of the higher borrowing costs.
- Still, as Mr. Das emphasized, policymakers can ill afford to take their eyes off inflation.

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### India and Nepal

- The "game changers" which can transform the economic landscape of the sub-region, such as hydropower projects to supply energy to India (and eventually to Bangladesh), infrastructure, access to Indian River transport, innovative

tourism circuits, and better connectivity.

- In the aftermath of the COVID-19 pandemic, renewed high-level commitment to bilateral cooperation on multiple fronts, with improved deliveries, was necessary.
  - There was unprecedented cross-party consensus when the Mahakali Treaty, identifying the Pancheshwar Multipurpose Project (PMP), with power stations of equal capacity on both banks of the river, was negotiated, signed and received parliamentary ratification a few years ago, despite political changes in both countries.
  - The finalized Detailed Project Report (DPR) will be submitted to both governments expeditiously, finances arranged and modalities of implementation concluded within one year after their approval of the DPR.
  - There is a new dimension of cooperation in the power sector with the transmission passage (trilateral power transaction) from Nepal to Bangladesh through India.
  - With new power projects now under implementation or on the drawing board, and the finalization of an agreement for long-term power trade wherein it was agreed to strive to increase the quantum of export of power from Nepal to India to 10,000 MW within a timeframe of 10 years,
- an era of prosperity awaits the entire sub-region
- Enhancing digital financial connectivity is another crucial development.
  - The MoU between the National Payments Corporation of India and the Nepal Clearing House Ltd. for facilitating cross-border digital payments, and the Indian offer to create a ground station and supply 300 user terminals to offer the services of the South Asia Satellite to Nepal under grant assistance are important;
  - They would promote regional cooperation in the space sector, and space technology applications in telecommunication and broadcasting, tele-medicine, tele-education, e-governance, banking and ATM services, meteorological data transmission, disaster response, and the networking of academic and research institutions.
  - The real challenge for Nepal is to depoliticize cooperation with India, especially in water resources cooperation, improve the quality of democracy and governance at home, and check unbridled corruption, which is alarming even by South Asian standards.

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## WHO on piped water

- If the Centre succeeds in its marquee Jal Jeevan Mission ( JJM), a nearly ₹3.6 trillion enterprise to provide piped potable water to all of India, it would avert close to 4,00,000 deaths from diarrhea, a modeling study by the World Health Organization (WHO) and commissioned by the Jal Shakti Ministry, said on Friday.
- Additionally, this would avoid 14 million DALYs (Disability Adjusted Life Years) from diarrhea, save close to \$101 billion and 66.6 million hours every day of time that would otherwise have been spent predominantly by women collecting water, the authors of the study noted.
- Currently about 12.3 crore rural households, or 62%, have piped water connections up from 3.2 crore or about 16.6% from 2019 when the scheme was launched.
- The Centre has claimed that it will achieve 100% coverage by 2024.
- A fully functional tap water connection is defined as a household getting at least 55 litres of per capita per day of potable water all through the year.

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