

# theirview

## Lighting up homes in rural India

300 million unlit households form another nation, a world very different from the glitter of urban India

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The power sector is in the news again and for all the wrong reasons. The current debate is dominated by issues such as the shortfall in power generation due to shortage of coal, impediments to coal mining because of no-go areas, and the likely impact on the country's economic growth. These issues are bound to feature prominently in the Prime Minister's review of the power, environment and coal sectors in the 11th Plan on 1 July. While these problems need resolution, focusing on them exclusively diverts attention from the fundamental goal of power to all by 2012.

Reliable data on households without electricity being unavailable, an extrapolation of data from the 64th round of the National Sample Survey indicates that roughly 25% households, or around 300 million people, lack access to electricity. This is a more generous estimate than the figure of 34% for 2009 in the International Energy Agency's World Energy Outlook. A separate nation of these Indian citizens without access to electricity would be the fourth most populous country in the world, after the US with its population of 310 million. Given this abysmal situation, India's claim of being an emerging great power that deserves a seat at the global high table sounds extremely hollow in spite of its impressive gross domestic product growth rate.

Providing the rural poor access to electricity requires, first, that households should be connected to the power generation facility. Through the Union government's Rajiv Gandhi Grameen Vidyutikaran Yojana, the electricity grid is expanding rapidly and has reached around 90% of villages. This means that the grid can supply most households, though it should be complemented by a comprehensive policy framework that encompasses off-grid and

grid-interactive systems as well. This will ensure that remote villages are also covered and also promote local employment and renewable energy.

Second, electricity should be generated in sufficient quantity to supply these households reliably. The generation capacity in India has been growing more than three times as fast as household electrification. Supplying lifeline electricity of 100W per household to unelectrified households requires less than 10,000MW of generation capacity. Yet, though the country is expected to add at least 60,000MW of generation capacity during the 11th Plan itself, 25% of its people are left out. Thus, capacity addition is not benefiting unelectrified households proportionally.

Third, it should be easy and affordable to obtain and retain an electricity connection. Financially strapped state utilities typically do not have an incentive to provide power to rural households at high supply costs given that their capacity to pay is low. Therefore, utilities need to be encouraged by appropriate financial incentives to provide reliable rural supply. The Union government is considering providing large subsidies to state utilities. Such subsidies should not encourage financial mismanagement and should, instead, be used to improve service delivery. To this end, they should be strictly contingent upon the utilities providing reliable and adequate supply to rural households. Moreover, these subsidies will also help genuinely needy utilities in states such as Bihar, and Jammu and Kashmir with a large number of unelectrified households and few industrial customers to improve power supply.

If all households without electricity today were to be supplied 50 units per month, utilities need access to 45 billion units at about ₹1



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per unit. This is equivalent to about 35 million tonnes of free coal and a subsidy of ₹5,000 crore per year. It is instructive to compare these figures with other incentives and indirect subsidies given by the Union government to the power sector. The government has allocated coal mines for captive power generation with a production capacity of at least 150 million tonnes of coal annually (more than one-third of it to private power generators), virtually for free. Though India has little historical responsibility for climate change, the incentives for renewable energy programmes in the country add up to around ₹5,000 crore annually and are likely to increase in future. Therefore, there is sufficient justification for subsidizing electric supply to rural households and resources are not a bottleneck in ensuring adequate, reliable and universal electricity access.

Though universal access is important, the siting of power plants is also a sensitive issue because of their impact on local environment and livelihood, and potential for

land and water conflicts. The protests against power plants at Sompeta and Kakrapalli in Andhra Pradesh, which resulted in a loss of lives are an indicator of this.

The Cancun climate agreement, to which India is a signatory, acknowledges that social and economic development and poverty eradication are the first and overriding priorities of developing country parties. Besides, the welfare of the common man and inclusive development have been the slogans of the United Progressive Alliance government from the word go. Considering the official consensus on universal access to electricity, which is an important input to economic development, a lack of priority and political will seems to be the only hindrance to making this a reality. The 300 million Indians without access to electricity hope that the Prime Minister will see the light and allocate due attention and resources to meet this just and urgent need on 1 July.

Comments are welcome at [theirview@livemint.com](http://theirview@livemint.com)

# drawbridge



By Jayachandran

