Electricity is the basis of modern civilization. It is the most convenient and essential form of energy. Electricity is a critical infrastructure for the development of our economy, which in turn helps to improve the standard of living of our people. Today, we cannot imagine our life without the support of electricity. It is the prime mover of growth and is a major indicator of progress and prosperity of any country—economically, industrially and socially. Our planners have also made laudable efforts to promote the Indian power industry to attain sustainability and self-reliance. The various Five Year Plans of India have reiterated the Government's priority to develop Indian power sector to meet the expectation and growing demand of electricity of our people. A lot of financial outlays is earmarked every year in addition to technological upgradations to develop the power sector. The Ministry of Power, Government of India has already adopted several policy measures to strengthen the power sector throughout the country. The present initiative of the Government of India to make available electricity for all by 2012 is a noble gesture in this direction. It is a very big challenge before the Ministry of Power, Government of India and it will usher a new era of development in the country. What is needed today is to develop a well formulated policy followed by a workable action plan for the overall development of our power sector. The process has already begun and the tangible results may be seen in the coming days.

Unfortunately, the power scenario in India and in various states including Assam is not encouraging. The generation of power has not kept pace with the demand of power and there is a continuing rise in demand—supply gap. Almost all
the State Electricity Boards (SEBs) in India including the Assam State Electricity Board (ASEB) have been accumulating huge losses over the years to the extent that it is not possible to run the SEBs profitably or get rid of their liabilities. There is a heavy revenue deficit every year in the running of SEBs. However, a part of the blame lies with the various State Governments, which have been pursuing populist policies. Some State Governments supply power to various categories of consumers at highly subsidized rates and in some others free of cost, thereby, eroding the financial health of the SEBs. Many State Governments in India are using the power sector for their narrow political gains and framing power policies against the financial viability of the SEBs.

The unsatisfactory performance of the SEBs is acting as a constraint to attract adequate investments for improving the utilization of existing capacities and for new capacity creation. In view of the poor plight of the SEBs as a whole in the country, the Government of India has decided to restructure the Indian Power Sector as a part of its National Economic Reforms since 1991. The reform models are based on the models adopted by the developed countries. The reforms propose to have a radical restructuring of the power sector and provides a legal support for moving away from a single buyer model to a wholesale power market with the participation of many private parties. Indian power sector reforms and restructuring, which entitle independent regulatory commission, unbundling of the SEBs and eventual privatization especially of distribution has been the dominant theme in the Indian Power Policy discourse towards the later part of 1990s. Encouraged by the Government of India’s New Economic Policy, 1991 assisted by the World Bank (WB) and with the financial grants from the Government of U.K., Orissa showed the initiative and became the first Indian State to reform its electricity sector in 1995. The objectives included making power supply more efficient in Orissa, meeting the needs of the growing economy and developing a financially viable power industry to
enable Orissa in attracting private investments while safeguarding the interests of its consumers. Several other states like Andhra Pradesh, Maharashtra, Uttar Pradesh, Assam, West Bengal, Rajasthan have enacted similar legislations while some other states are also in the process of doing so. Today, there is a complete reversal of our decades old national policy of not allowing private participation in the power sector. The Government of India has introduced necessary modifications in the financial, administrative and legal environment in order to encourage private investments in the power sector.

In order to tide over the unsustainability in the operation of ASEB, the Government of Assam has also initiated the reform process with the support of the Ministry of Power, Government of India and the Asian Development Bank (ADB). The Government of Assam has adopted the Assam Power Sector Development Programme with effect from December, 2003. In pursuance of the Indian Electricity Act, 2003 and as a part of the Assam Power Sector Development Programme, the Government of Assam has unbundled the ASEB into five (5) Government Companies. The Assam Electricity Regulatory Commission (AERC) was set-up on 28th February, 2001 and has started functioning under the Central Electricity Regulatory Commission (CERC).

In view of the vital importance of the power sector in our state, the present study entitled "RESTRUCTURING OF POWER SECTOR IN ASSAM" was undertaken. Special efforts being made to collect and incorporate facts and figures in the appropriate places concerning the ASEB and its five (5) successor companies. Moreover, it is too early to expect the ASEB and its successor companies to produce an exceptionally impressive results in a short time. This is because, the chronic problems they are facing and the tasks before them are very complicated in nature. The main focus of the present study is to judge the initial performance of the ASEB and its successor companies under the reform process in Assam. As per the information received from various sources, it is found that the progress of APDRP
(Accelerated Power Development and Reform Programme) works in Assam is quite satisfactory. The Aggregate Transmission and Commercial (AT and C) losses is also not increasing. It has been showing a positive tendency of being decreasing since the inception of the APDRP Scheme in Assam in the year 2004-05. A lot of works have also been done in the state under the various Rural Electrification (RE) Schemes. Similarly, the performance of the power sector under the reform process in Assam under APSDP (the Assam Power Sector Development Project) and NLCPR (the Non-Lapsable Central Pool of Resources) Schemes are also quite encouraging. All these programmes are discussed in detail in the various chapters.

The present study is being divided into seven (7) chapters. The first chapter deals with the introduction (theoretical background) and research methodology. In the second chapter attempts have been made to study the initial restructuring of power sector in a number of States in our country. The chapter includes the various important aspects of early power sector reforms and restructuring and highlights the initial achievements and shortfalls of power reforms and restructuring in these States. The third chapter covers a detailed discussion on the reforms and restructuring of power sector in Assam. The present and past organisational structures of Assam State Electricity Board (ASEB) and its five successor companies are also discussed in this chapter. The various developmental activities undertaken in the State in the initial post-reform period are being discussed in the fourth chapter. In the fifth chapter, the financial performance of our power sector both in the pre and post-reform periods are being examined from different points of view. It is also tried in this chapter to examine whether the power sector restructuring in Assam has increased the revenue earnings of our power sector in the initial post-reform period. The effectiveness of power sector restructuring in our state with special reference to outreach and quality has been examined in the sixth chapter. Research findings and suggestions are being incorporated in the seventh chapter. Probable

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suggestions in related matters have been extended from personal observation after a thorough analysis of facts and figures.

The present study covers a period of nine (9) years from 2000 till the end of 2008. In order to understand the performance of the State Power Sector (ASEB and its successor companies) in the post reform period, data, facts and figures are being collected from different sources and properly analysed. After a detailed analysis, it is, however, observed that all major problems faced by the state power sector still persist and only marginal gains are noticed in certain fields. It would definitely take some more time before the power sector reforms and restructuring make themselves felt in the State. A comprehensive Bibliography is being enclosed at the end of the thesis.

It is sincerely hoped that the present study in its modest form would help to understand the power scenario in the initial post reform period in Assam. Both the policy-makers as well as the consumers would find it of practical utility. It shall be a matter of my immense satisfaction, if the findings of the research work are found to be realistic, rational and implementable. I also sincerely hope that the findings and the recommendations of the present study would be found meaningful for the management of ASEB and its successor companies. In the last, may we hope that the restructured power sector in the State of Assam would improve its performance in near future for the benefit of all concerned.

Place: Nagaon – 782001
Date: 28th April, 2012

(Prabir Kumar Dev Purkayastha)