

Sub : **Rajiv Gandhi Grameen Vidyutikaran Yojna Scheme of Rural Electricity Infrastructure and Household Electrification**

1. Approval of the President is conveyed for the Rajiv Gandhi Grameen Vidyutikaran Yojna Scheme of Rural Electricity Infrastructure and Household Electrification for the attainment of the National Common Minimum Programme (NCMP) goal of providing access to electricity to all households in five years.
2. Scheme would be implemented through the Rural Electrification Corporation (REC).
3. Ninety per cent capital subsidy would be provided for overall cost of the projects under the scheme.
4. The present approval is for implementation of Phase I of the scheme for capital subsidy of Rs.5000 crores during the 10th Plan period.
5. States must make adequate arrangements for supply of electricity and there should be no discrimination in the hours of supply between rural and urban households.
6. For projects to be eligible for capital subsidy under the scheme, prior commitment of the States would also be obtained before sanction of projects under the scheme for :
 - 6.1. Deployment of franchisees for the management of rural distribution in projects financed under the scheme, and
 - 6.2. The provision of requisite revenue subsidies to the State Utilities as required under the Electricity Act, 2003.

7. SCOPE OF THE SCHEME

Under the scheme, projects could be financed with capital subsidy for provision of

7.1 Rural Electricity Distribution Backbone (REDB)

- Provision of 33/11 KV (or 66/11 KV) sub-stations of adequate capacity and lines in blocks where these do not exist.

7.2 Creation of Village Electrification Infrastructure (VEI)

- Electrification of un-electrified villages.
- Electrification of un-electrified habitations.
- Provision of distribution transformers of appropriate capacity in electrified villages / habitation(s)

7.3 Decentralized Distributed Generation (DDG) and Supply

Decentralized generation-cum-distribution from conventional sources for villages where grid connectivity is either not feasible or not cost effective provided it is not covered under the programme of Ministry of Non-conventional Energy Sources for providing electricity from non-conventional energy sources under their remote village electrification programme of 25000 villages.

7.4 REDB, VEI and DDG would also cater to the requirement of agriculture and other activities including

- irrigation pump sets

- small and medium industries
- khadi and village industries
- cold chains
- healthcare
- education and IT

This would facilitate overall rural development, employment generation and poverty alleviation.

7.5 Rural Household Electrification of Below Poverty Line Households:

Electrification of un-electrified Below Poverty Line (BPL) households would be financed with 100% capital subsidy as per norms of Kutir Jyoti Programme in all rural habitations. Households above poverty line would be paying for their connections at prescribed connection charges and no subsidy would be available for this purpose.

The over-all subsidy of components from paras 7.1, 7.2, 7.3, 7.5 taken together should be kept within 90% of the over- all project cost. The over-all cost estimate of different components for all villages and household are at the Annexure-I.

7.6 The project covers the entire country. The details of the un-electrified villages and households access to electricity as per census 2001 is in the Annexure-II and Annexure-III.

8. FRANCHISEES:

In the management of rural distribution through franchisees who could be Non-Governmental Organisations (NGOs), Users Association, Cooperatives or individual entrepreneurs, the Panchayat institutions would be associated. The franchisees arrangement could be for system beyond and including feeders from substation or from and including Distribution Transformer(s).

9. REVENUE SUSTAINABILITY

Based on the consumer mix and the prevailing consumer tariff and likely load, the Bulk Supply Tariff (BST) for the franchisee would be determined after ensuring commercial viability of the franchisee. Wherever feasible, bidding may be attempted for determining the BST. This Bulk Supply Tariff would be fully factored into the submissions of the State Utilities to the State Electricity Regulatory Commissions (SERCs) for their revenue requirements and tariff determination. The State Government under the Electricity Act is required to provide the requisite revenue subsidies to the State Utilities if it would like tariff for any category of consumers to be lower than the tariff determined by the SERC. While administering the scheme, prior commitments may be taken from the State Government regarding

- Determination of bulk supply tariff for franchisees in a manner that ensures their commercial viability.
- Provision of requisite revenue subsidy by the State Government to the State Utilities as required under the Electricity Act.

10. The capital subsidy for eligible projects under the scheme would be given through REC. These eligible projects shall be implemented fulfilling the conditionality indicated above. In the event the projects are not implemented satisfactorily in accordance with the conditionality indicated above, the capital subsidy could be converted into interest bearing loans.

11. The services of Central Public Sector Undertakings (CPSUs) have been offered to the states for assisting them in the execution of Rural Electrification Projects as per their willingness and requirement. With a view to augment the implementation capacities for the programme, REC has entered into Memorandum of Understanding (MOUs) with NTPC, POWERGRID, NHPC AND DVC to make available CPSU's project management expertise and capabilities to states wishing to use their services. This is being operationalised through a suitable Tripartite Agreement.

12. Up to 1 per cent of the total subsidy under the scheme would be used for associated works / efforts of the programme linked to research, technology development, capacity building, information system development, awareness and other administrative and associated expenses and undertaking of pilot studies and projects complimentary to this rural electrification scheme.

13. This scheme merges the existing Accelerated Electrification of one lakh Villages and one crore Households and the Minimum Needs Programme for rural electrification.

14. The scheme will be subject to evaluation and a view on modification required for implementation during 11th Plan will be taken after a comprehensive review towards the end of 10th Plan.

15. The expenditure involved on above scheme would be debited to the following Head under Grant No. 73 Ministry of Power for the year 2004-05 and corresponding head of account for the subsequent years.

2801	Power (Major Head)
06.796	Rural Electrification
3	Rural Electrification
03.00.33	Subsidies

16. This issues with the concurrence of Finance Wing vide their diary No. 3766/2055-JS&FA dated the 18th March, 2005.

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(Ajay Shankar)

Additional Secretary to the Government of India

Tel:23715378

To,

1. The Chief Secretaries of all States
2. The Secretary, Power/Energy of all States
3. Chairman of all States (Utilities)
4. Chairman & Managing Director, REC Scope Complex, New Delhi.

Copy to:

1. Prime Minister's Office, South Block, New Delhi.
2. Cabinet Secretary, Cabinet Secretariat Rashtrapati Bhawan, New Delhi.
3. Ministry of Finance, Department of Expenditure (Plan Finance), New Delhi.
4. Chairman, Central Electricity Authority, R.K. Puram, New Delhi.
5. Secretary, Planning Commission, New Delhi.
6. Secretary, Ministry of Non-conventional Energy Sources, New Delhi.
7. Secretary, Ministry of Rural Development, Krishi Bhawan, New Delhi.
8. Secretary, Department of Panchayati Raj, New Delhi.
9. Secretary, Ministry of Programme Implementation, New Delhi.
10. Department of Development of North Eastern Region, New Delhi.
11. CMDs of NHPC, NTPC, POWERGRID, DVC.
12. PPS to Secretary (P)/PS to SS (P)/ AS(GC)
13. All JSs / All Directors / DS in the Ministry of Power.

Annexure-I

SCHEME ON RURAL ELECTRICITY INFRASTRUCTURE AND VILLAGE ELECTRIFICATION

COST ESTIMATES OF THE SCHEME

Rs. in Crore

1.	Electrification of 125,000 un-electrified villages which includes interalia development of backbone network comprising Rural Electricity Distribution Backbone (REDB) and Village Electrification Infrastructure (VEI) and last mile service connectivity to 10% Households in the village @ Rs. 6.50 lakh/village	8,125
2.	Rural Households Electrification (RHE) of population under BPL i.e. 30% of 7.8 crore. Un-electrified Households/ i.e. 2.34 crore households @ Rs.1500/H/H as per Kutir Jyoti dispensation	3,510
3.	Augmentation of backbone network in already electrified villages having un-electrified inhabitations @ Rs./1 lakh/ village for 4.62 lakh villages	4,620
	Total (1 + 2 + 3)	16,255
	Outlay for the scheme	16,000
	Subsidy component @ 90% for items 1 & 3 and 100% for item 2	14,750
	Component of subsidy to be set aside for enabling activities including technology development @ 1% of outlay	160

Annexure -II

Status of Village Electrification as on 31.3.2004

Sl. No.	State	Total No. of inhabited villages as per 1991 census	Total No. of villages electrified	Balance un-electrified villages	% age of electrified villages
1.	Andhra Pradesh	26586	26565		100
2.	Arunachal Pradesh	3649	2335	1314	64
3.	Assam	24685	19081	5604	77.30
4.	Bihar	38475	19251	19224	50
5.	Jharkhand	29336	7641	21695	26
6.	Goa	360	360	-	100
7.	Gujarat	18028	17940	\$	100
8.	Haryana	6759	6759	-	100
9.	Himachal Pradesh	16997	16891	106	99.38
10.	J&K	6477	6301	176	97.28
11.	Karnataka	27066	26771	295	98.91
12.	Kerala	1384	1384	-	100
13.	Madhya Pradesh	51806	50474	1332	97.43
14.	Chhattisgarh	19720	18532	1188	94
15.	Maharashtra	40412	40351	-	100
16.	Manipur	2182	2043	139	93.63
17.	Meghalaya	5484	3016	2468	55
18.	Mizoram	698	691	7	99
19.	Nagaland	1216	1216	-	100
20.	Orissa	46989	37663	9326	80.15

21.	Punjab	12428	12428	-	100
22.	Rajasthan	37889	37276	613	98.38
23.	Sikkim	447	405	42	90.60
24.	Tamil Nadu	15822	15822	-	100
25.	Tripura	855	818	37	95.67
26.	Uttar Pradesh	97122	57042	40080	58.73
27.	Uttaranchal	15681	13131	2550	83.73
28.	West Bengal	37910	31705	6205	83.63
Total (States)		586463	47382	11241	80.80
Total UTs		1093	1090	\$	100%
All India		587556	474982	112401	80.80%

* Balance villages are not feasible for electrification.

* As per the new definition of village electrification (effective from 2004-05) total number of un-electrified villages is estimated to be around 1, 25,000.

Annexure-III

RURAL HOUSEHOLDS ELECTRIFICATION - 2001 CENSUS

Sl. No.	State	Total no. of Rural Households	Households having Electricity	% electrified House-holds	% un-electrified Households
1.	Andhra Pradesh	12,676,218	7,561,733	59.65	40.35
2.	Arunachal Pradesh	164,501	73,250	44.53	55.47
3.	Assam	4,220,173	697,842	16.54	83.46
4.	Bihar	12,660,007	649,503	5.13	94.87
5.	Chhattisgarh	3,359,078	1,548,926	46.11	53.89
6.	Delhi	169,528	144,948	85.50	14.50
7.	Goa	140,755	130,105	92.43	7.57
8.	Gujarat	5,885,961	4,244,758	72.12	27.88
9.	Haryana	2,454,463	1,926,814	78.50	21.50
10.	Himachal Pradesh	1,097,520	1,036,969	94.48	5.52
11.	Jammu & Kashmir	1,161,357	868,341	74.77	25.23
12.	Jharkhand	3,802,412	379,987	9.99	90.01
13.	Karnataka	6,675,173	4,816,913	72.16	27.84
14.	Kerala	4,942,550	3,238,899	65.53	34.47
15.	Madhya Pradesh	8,124,795	5,063,424	62.32	37.68
16.	Maharashtra	10,993,623	7,164,057	65.17	34.83
17.	Manipur	296,354	155,679	52.53	47.47
18.	Meghalaya	329,678	99,762	30.26	69.74
19.	Mizoram	79,362	35,028	44.14	55.86
20.	Nagaland	265,334	150,929	56.88	43.12
21.	Orissa	6,782,879	1,312,744	19.35	80.65
22.	Punjab	2,775,462	2,482,925	89.46	10.54
23.	Rajasthan	7,156,703	3,150,556	44.02	55.98
24.	Sikkim	91,723	68,808	75.02	24.98
25.	Tamil Nadu	8,274,790	5,890,371	71.18	28.82
26.	Tripura	539,680	171,357	31.75	68.25
27.	Uttar Pradesh	20,590,074	4,084,288	19.84	80.16
28.	Uttaranchal	1,196,157	602,255	50.35	49.65

29.	West Bengal	11,161,870	2,262,517	20.27	79.73
Union Territories					
1.	Andaman & Nicobar Islands	49,653	33,807	68.09	31.91
2.	Chandigarh	21,302	20,750	97.41	2.59
3.	D.& Nagar Haveli	32,783	27,088	82.63	17.37
4.	Daman & Diu	22,091	21,529	97.46	2.54
5.	Lakshadweep	5,351	5,337	99.74	0.26
6.	Pondicherry	72,199	58,486	81.01	18.99
ALL INDIA		138,271,559	60,180,685	43.52	56.48