

## Lighting up India

*Commendable as it is, 100 per cent village electrification must be accompanied by reliable and cheap supply of power*

India crossed a historic milestone by reaching electricity cables to its last un-electrified village in Manipur on April 28. So, on paper, all of the 5.97 lakh villages have been electrified; of these, 18,453 were electrified between April 1, 2015, and now. To place this achievement in perspective, 1.25 lakh villages or a quarter of the total were without electricity, when the Rajiv Gandhi Grameen Vidyutikaran Yojana was announced in 2005, which works out to a rate of electrification of about 11,900 a year between 2005 and 2014. It would be wrong to assume that the Modi government has underperformed by electrifying at a lower rate, as the remaining villages are likely to have been especially remote. Both village and household electrification have received a fillip in recent years, the gap between the two closing over time. As of today, 82 per cent of all households have electricity, a marked improvement over the 50 per cent in 2005. A financial commitment of over ₹50,000 crore since 2005 has played a role here.

However, village and household electrification call for a sustained effort in improving the quality, reliability and affordability of power. It is just as well that the Centre, in September 2014, set aside over ₹75,000 crore to connect the remaining households, separate agriculture and household feeder lines and beef up infrastructure. Having achieved 100 per cent village electrification (a claim that has, however, been contested by some ground reports), the Centre should ramp up its definition of an electrified village, going beyond providing just 10 per cent of households with power and connecting government institutions. The definition should entail covering a larger population and ensuring minimum hours of supply. The policy focus needs to shift from supply-side solutions alone – since installed capacity has been created in ample measure over the last 15 years – to improving demand. Over 40 per cent of households use less than 50 units a month, owing to high tariffs at the lowest rung. Meanwhile, discoms, which bear a loss of ₹4 per unit, are averse to lowering rates. Hence, a situation of underutilised capacity co-exists with power outages in rural areas in particular. The solution is to rationalise rates, so that discoms and consumers benefit, in turn generating funds for upkeep of infrastructure.

Electricity has transformed societies and economies the world over, be it post-Depression America, China or more recently South Africa. With “an additional 40 million people gaining access each year since 2011”, as pointed out by the International Energy Agency, the economic prospects and quality of life of millions of Indians have improved. The key is to alter the economics of power distribution in particular, so that electricity supply at the bottom of the pyramid goes beyond running a light or a fan to powering economic activity.