



Uttar Pradesh Explores Privatisation of Loss-Making Discoms

Why in News?

The **Uttar Pradesh government** has initiated steps toward **privatizing** or **forming [Public-Private Partnerships \(PPP\)](#)** for two of its **loss-making [electricity distribution companies \(discoms\)](#)**.

- This move has **sparked protests** from employees concerned about **job security** and the potential impacts on service delivery.

Key Points

- The **state's power corporation** recently floated a tender inviting consultants and transaction advisers to devise a **privatization** or **PPP model** for **Dakshinanchal Vidyut Vitran Nigam Ltd (DVVNL)** and **[Purvanchal Vidyut Vitran Nigam Ltd \(PVVNL\)](#)**.
 - Both discoms have been grappling with **substantial financial losses**, prompting the government to explore alternatives to improve efficiency and service quality.
 - The government has clarified that the specifics of the partnership, including the **shareholding structure**, will be determined based on recommendations from consultants.
 - These experts will analyse the current state of the discoms and propose a suitable model for privatisation or PPP.
 - The model is expected to allow private entities to bring in operational expertise and investment while maintaining some level of government oversight to ensure public accountability.

What is DISCOM?

- **About:**
 - **DISCOM stands** for **Distribution Company** in the power sector. It refers to entities responsible for the **distribution of electricity to consumers**, including **households, businesses, and industries**.
- **Role of DISCOMs:**
 - **Electricity Distribution:** They manage the infrastructure and operations for **delivering electricity** to consumers within their designated areas.
 - **Billing and Revenue Collection:** DISCOMs handle **metering, billing, and collecting payments** for electricity consumption.
 - **Maintenance and Upgrades:** They are responsible for maintaining the **distribution network**, including **transformers, substations, and power lines**.
 - **Customer Service:** DISCOMs address issues like **power outages, meter installations**, and grievances related to electricity supply.

