

DisCom Privatization

Dr. Rahul Tongia
Senior Fellow, CSEP
Founding Advisor, ISGF
November 27, 2020

**India needs to do a better job of striking the balance
between “St. Marx” and “St. Market”**

- Inder Malhotra

3 Realities

- DisComs are just part of a chain – lots of cost is on procurement
- *IN THEORY* Public vs. private shouldn't matter – assuming we have good regulation and incentives
- We don't really have a handle on: What is a “good discom”?
 - What is the KPI of a utility, and it's staff?

DisCom Privatization – Qs for Discussion

Round I: Objectives of Privatization

- a) If privatization is the answer, what is the question?
- b) What KPIs (and timeframes) are realistic for the new entrants?
- c) How do we avoid the optics of "socialising losses, privatizing profits"?

Round II: Models of Privatization

- a) Franchises, retail competition, and other options on the table?
- b) Risks of cherry-picking (location, services, etc.)

Round III: What do we not know, what are the gaps, and what steps should we take?

- a) What will be the opinion of a DisCom, rather, state govt. for privatizing?
- b) What will be the incentive of employees?
- c) Who would want to take over a "problematic" DisCom? What incentives and steps are needed?
- d) Can we pilot this or learn from relevant experiences? What lessons do you draw from Delhi, Odisha, etc. or existing pvt DisComs
- e) How does technology fit in to this? E.g., can we have secondary mandates on (say) smart metering, technology adoption, etc.?