

Privatization of electricity distribution in Orissa: a case study

[Sponsor: Department of Personnel and Training, Ministry of Personnel]

Executive summary

The purpose of the case study was to provide answers to the questions on the privatization of electricity distribution and to analyse the developments in Orissa. The results would be used by the Department of Personnel and Training, Government of India, in their training programmes for middle-level IAS officers. The case study is an attempt to give a comprehensive but a concise presentation of the distribution privatization experience in Orissa, starting with the reform context to the process and strategy for privatization and leading to the post-privatization experience.

Also presented are an overview of the socio-economic conditions and the performance of the power supply industry in Orissa in the early 1990s, the reform climate in the country, and the policies of government and lending agencies such as the World Bank. How the government looked at the reform programme in its power sector development policy and the expectations and commitments of some of the major stakeholders are discussed briefly. The preparatory work that had gone into detailing a blueprint for implementing of the reforms, the communication strategy adopted, and the political support that was available in this regard are also discussed in detail. The reform model and the strategy for the implementation that were adopted are also presented.

In the implementation phase, we start with balance sheet restructuring and policies for transfer of employees and go on to discuss the establishment of the OERC (Orissa Electricity Regulatory Commission) and the formation of GRIDCO (Grid Corporation of Orissa) and its subsidiaries. This is followed by a discussion on the privatization strategy approved by the GRIDCO, the management contract, and the process of selection of bidders for disinvestment of shares. Post-privatization experiences including some of the recent developments are presented thereafter.

In the end, a gist of the views expressed by different committees in recent years on the outcome of the reforms and some of the issues of topical interest arising out of this case study are also presented. The case study also presents how the Orissa distribution privatization experience influenced the other states such as Delhi.

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The information presented in the case study was based on a number of official documents, published papers, and personal discussions with those actively involved in the process of reform.