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## Tamil Nadu joins UDAY scheme

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The southern state, which became the 21st state to join Ujwal Discom Assurance Yojana (UDAY), is also one of four states with largest accumulated debt of over Rs 40,000 crore. (PTI)

After having dithered for over a year, Tamil Nadu on Monday signed up for the center's scheme for revival of financially stressed state-owned power distribution companies. The southern state, which became the 21st state to join Ujwal Discom Assurance Yojana (UDAY), is also one of four states with largest accumulated debt of over Rs 40,000 crore.

With Tamil Nadu on board, UDAY has now covered 92% of country's discom debt. "Tamil Nadu would derive an overall net benefit of approximately Rs 11,000 crores through UDAY, by way of savings in interest cost, reduction in AT&C and transmission losses, interventions in energy efficiency, coal reforms etc," the government said in a

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According to the scheme, the state government will take over 75% of debt amounting to R30,420 crore from the discom. The scheme also provides for the balance debt to be re-priced or issued as state guaranteed discom bonds, at coupon rates around 3-4% less than the average existing interest rate.

“The state would have savings of about R950 crore in annual interest cost through reduction of debt and through reduced interest rates on the balance debt,” the government said. It added that reduction in aggregate technical and commercial (AT&C) losses and transmission losses to 13.5% and 3.7% respectively is likely to bring additional revenue of around R1,601 crores to the state distribution company.

UDAY was launched by the power ministry on November 20, 2015 with an aim to reduce financial distress among state discoms as it has been preventing them from buying power.