



GOVERNMENT OF KERALA

Abstract

Finance Department – Additional borrowing space of 0.50 percent of GSDP linked to performance in Power Sector for the FY 2023-24 – takeover of 75 % of the loss incurred by the KSEBL for the financial year 2022-23 - Sanctioned - Orders Issued.

FINANCE (PLANNING - A) DEPARTMENT

G.O. (Rt) No. 8908/2023/Fin.

Dated, Thiruvananthapuram 16/12/2023

Read:- 1. Letter no. 40(02) PF-S/2020-21 dated 09.06.2021 received from the Department of Expenditure, Ministry of Finance, Government of India.
2. D.O letter No.PWR-C1/79/2020-Power dated 31.01.2022

ORDER

The Fifteenth Finance Commission (XV-FC) has recommended performance- based additional borrowing space of 0.50 per cent of Gross State Domestic Product (GSDP) to States linked to performance in the Power Sector. The objectives of the additional borrowing space are to improve the operational and economic efficiency of the sector, and promote a sustained increase in paid electricity consumption.

2. This special dispensation has been recommended for each year for a four year period from 2021-22 to 2024-25. For each financial year from 2021-22, this borrowing space will be in addition to the regular borrowing limit. Government of Kerala has availed additional borrowing for power sector reforms for 2021-22 and 2022-23 by agreeing to take over the future losses of all public sector DISCOMs in the State in graded manner as given below and submitted an undertaking to this effect.

| 2022-23 | 2023-24 | 2024-25 | 2025-26 & onwards |
|--------------------------------------|--------------------------------------|--------------------------------------|---|
| 60% of the loss for the year 2021-22 | 75% of the loss for the year 2022-23 | 90% of the loss for the year 2023-24 | 100% of the loss for the year 2024-25 & onwards |

3. To fulfill the entry level condition for additional borrowing under power sector for 2023-24, State has to take over 75% of the loss incurred by the KSEBL for the year 2022-23, failing which the same will be treated as addition to the fiscal deficit of the State and Government of India will adjust the same from the borrowing ceiling of the State.

4. As per the audited accounts of KSEBL for the year 2022-23, a total loss of Rs.1023.62 Cr is reported for 2022-23 and 75% of the same comes to Rs.767.715 Cr. In order to fulfill the entry level conditions for availing 0.5% of GSDP as additional borrowing for the financial year 2023-24, Government have to take over the loss of Rs.767.715 Cr. Government have examined the matter in detail and are pleased to accord sanction to take over 75 % of the total loss of Rs.1023.62 Cr incurred by the KSEBL i.e. Rs.767,71,50,000 (Rupees Seven Hundred and Sixty Seven Crore Seventy One Lakh Fifty Thousand Only) for the financial year 2022-23 subject to the following conditions

- i. KSEBL shall take urgent corrective measures to improve upon their financial performance in the current financial year and coming financial years
- ii. Any revision in the existing/ new service benefits of the employees of KSEBL should be allowed only with the prior formal approval of the State government.

5. The expenditure on account of this will be debited from the head of account '2801-80-190-97 Assistance to KSEBL as taking over of loss of the Power Distribution Company on account of the Power Sector Reforms' (NP) and the amount will be transfer credited to the account of KSEBL opened exclusively for this purpose.

(By Order of the Governor)

**RABINDRA KUMAR AGARWAL
PRINCIPAL SECRETARY (FINANCE)**

To,

Principal Accountant General (G&SSA), Kerala, Thiruvananthapuram
Principal Accountant General (A&E), Kerala, Thiruvananthapuram
Accountant General (E&RSA), Kerala, Thiruvananthapuram
Department of Expenditure, Ministry of Finance, Government of India
Director of Treasuries, Thiruvananthapuram
Sub Treasury Secretariat, Thiruvananthapuram
Power (C) Department
Finance (PU-A) Department
Finance (Accounts-A) Department
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Section Officer