

Circular debt of power sector touches Rs2.3tr, PAC told

ISLAMABAD: The Public Accounts Committee (PAC) on Monday was informed that that country's circular debt of the power sector had reached at Rs2.3 trillion till now and the record increases witness in circular debt of Rs1.139 trillion, which is almost double in last two years of the PTI government.

It was informed that an increase of Rs116 billion was witnessed in last three months, while in first six months of fiscal year 2018-19, it was increased by Rs288 billion and Rs198 billion in last six months of the fiscal year of 2018-19, and similarly the circular debt increased by Rs243 billion first six months of fiscal year 2019-20 and Rs294 billion in last six months of fiscal year of 2019-20.

The PAC meeting was held on Monday with the chair of its Chairman Rana Tanveer Hussain, in which the Power Division gave the briefing to the committee on the circular debt of the country.

PAC Chairman Rana Tanveer Hussain remarked that government had raised the power tariff five times in last two years and despite it the circular debt continued to rise and became a big problem for the country.

He remarked that with the increase in tariffs and revenue, the circular debt should have also reduced. "When the PML-N left the government, the circular debt was at over Rs1 trillion, which is now almost double," he remarked.

Secretary Power Division has given the multiple reasons for increase in the circular debt of the power sector that include subsidy to tube wells in Balochistan, subsidy to industrial sector, while supplying the electricity to Azad Jammu and Kashmir and to K-Electric also counted as a reason or increase in the circular debt.

Secretary Power Division also told the committee that Balochistan government is defaulter of Rs283 billion that will have to be recovered from the Balochistan government in head of subsidy to tube wells.

It was informed that federal government had provided 60pc of the subsidy on tube wells in Balochistan for agricultural purposes and 40 by Balochistan government, while the agricultural consumers were not paying flat rate of Rs10,000.

PAC member Khawaja Muhammad Asif said that agricultural consumers were providing the subsidised electricity to wedding halls, restaurants, cinema and others.

The PAC was also informed that during the financial year less recoveries of Rs280 billion was made in fiscal year 2019 from power sector and during the financial year 2020 less recovery of Rs410 billion were made.

PAC member Khawaja Muhammad Asif proposed to distribution companies to disconnect the power to all those who were not paying the bills.