

Circular debt up by Rs538bn in last fiscal year, Senate panel told

ISLAMABAD: The power sector's circular debt increased by Rs538 billion (33.4 per cent) during the fiscal year ending on June 30, or at an average rate of about Rs45bn per month.

This was observed during a meeting of the Senate Standing Committee on Power presided over by Senator Fida Muhammad Khan on Thursday.

The government had been claiming that it had brought down the monthly build-up in circular debt from Rs38bn during the tenure of the Pakistan Muslim League-Nawaz (PML-N) government to Rs12bn and wanted to reduce it further to Rs8bn per month by December this year.

Led by additional secretary Waseem Mukhtar, a power sector team told the committee that the circular debt stood at Rs2.15 trillion as of June 30, 2020, as compared to Rs1.61tr on June 30, 2019.

Government has been claiming that there's been a decline in the monthly build-up of dues

The committee was told that about Rs240bn could not be collected last year mainly because of Covid-19 and poor performance of the distribution companies (Discos). The increase in circular debt amounted to Rs538bn.

Senator Nauman Wazir Khattak of the Pakistan Tehreek-i-Insaf (PTI) and Senator Siraj-ul-Haq of Jamaat-i-Islami (JI) demanded that the burden of poor performance of Discos should not be passed on to the consumers.

Senator Haq said it should be settled in the first place if the Discos were commercial entities or institutions providing electricity to the people.

He said the facts provided by the authorities showed the power companies were "absolute failures". Due to imposition of various taxes, electricity was being provided to farmers at expensive rates, despite the prime minister's promises that power would be provided to them at a fixed rate of Rs5.35 per unit.

Senator Khattak bemoaned that electricity was produced at the cheapest rate in Khyber Pakhtunkhwa but it was sold at the lowest rate in Karachi, which was unfair.

The JI chief asked why electricity rates were not uniform across the country. At this, the power division officials explained that power tariffs had always been uniform throughout the country but the management of K-Electric took the matter to court.

Because the matter was sub judice, the KE tariff remained on the lower side for about three years. The committee asserted that a uniform policy should be pursued across the country.

The chairman of the committee expressed displeasure over the absence of power secretary from the meeting. Mr Mukhtar, however, explained that the secretary had to attend another meeting called by the prime minister.

Senator Mushahidullah Khan of the PML-N said that meetings of the standing committees of parliament were governed by certain rules, but officials skipped the meetings on one pretext or the other.

When it took up a point of public importance regarding transparency in the recruitment of meter readers and linemen by PESCO, the committee was informed that the testing agency had not provided a carbon copy of the answer sheet to candidates. During the current phase of the recruitment process companies were instructed to finalise hiring by an independent testing agency after a competitive process as per PPRA Rules in consultation with the Ministry of Energy (Power Division).

The committee formed an informal body to review the matter in detail.

On the question of alleged removal of domestic meters of small farmers for running mono motors on single-phase meters for irrigation in Gujranwala area, the committee was informed that certain consumers got connections under domestic tariff for their houses but they were running single-phase motors and tube wells up to 4-8KW for irrigation of their lands.

The use of mono motors for agricultural purposes on domestic meters was a violation of rules. As per the standard operating procedures, the consumers have to apply for agricultural connections.

The committee said the matter would be taken up in detail in the next meeting and that until then all connections must be restored.

The committee summoned the chief executive officer of the Gujranwala Electric Power Company to the next meeting and called for revision in the agricultural policy to make it more farmer-friendly.