

**പതിനാലാം കേരള നിയമസഭ**

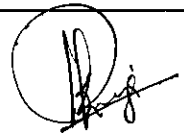
**അഞ്ചാം സമ്മേളനം**

**നക്ഷത്ര ചിഹ്നമിട്ട നിയമസഭാ ചോദ്യം നം.490 - 18/5/2017-ലെ മറുപടിക്ക്**

ചോദ്യം	ഉത്തരം
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**പതിനാലാം ധനകാര്യ കമ്മീഷന്റെ ശുപാർശകൾ**

ചോദ്യം	മറുപടി
<p>(എ)  കുടിവെള്ളം, വൈദ്യുതി, റോഡ്-റെയിൽ ഗതാഗതം തുടങ്ങിയ പൊതു അവശ്യസേവനങ്ങൾക്കുള്ള ചാർജ്ജിന്റെ നിരക്ക് സംബന്ധിച്ച പതിനാലാം ധനകാര്യ കമ്മീഷന്റെ ശുപാർശകൾ വ്യക്തമാക്കാമോ;</p>	<p>കുടിവെള്ളം, വൈദ്യുതി, റോഡ്-റെയിൽ ഗതാഗതം തുടങ്ങിയ പൊതു അവശ്യസേവനങ്ങൾക്കുള്ള ചാർജ്ജിന്റെ നിരക്ക് സംബന്ധിച്ച പതിനാലാം ധനകാര്യ കമ്മീഷന്റെ ശുപാർശകൾ അനുബന്ധം-I ൽ ചേർത്തിരിക്കുന്നു.</p>
<p>(ബി)  കേന്ദ്രസർക്കാർ ഏർപ്പെടുത്തിയ റെയിൽവേ താരിഫ് അതോറിറ്റി പോലെ വിവിധ താരിഫ് അതോറിറ്റികൾക്ക് സേവനത്തിനുള്ള വിലനിർണ്ണയാധികാരം നൽകുന്നത്, പാവപ്പെട്ടവർക്ക് സംരക്ഷണം നൽകേണ്ട സർക്കാരിന്റെ ഭരണാധികാരം ദുർബലപ്പെടുത്താനുള്ള സാധ്യത പരിശോധിച്ചിട്ടുണ്ടോ; ഇക്കാര്യത്തിൽ കേന്ദ്രസർക്കാരിനോട് സംസ്ഥാനത്തിന്റെ നിലപാട് മുൻ സർക്കാർ വ്യക്തമാക്കിയിട്ടുണ്ടോ;</p>	<p>പരിശോധിച്ചിട്ടുണ്ട്.  കേന്ദ്രസർക്കാർ ഏർപ്പെടുത്തിയ റെയിൽവേ താരിഫ് അതോറിറ്റി പോലെ വിവിധ താരിഫ് അതോറിറ്റികൾക്ക് സേവനത്തിനുള്ള വിലനിർണ്ണയാധികാരം നൽകുന്നത്, പാവപ്പെട്ടവർക്ക് സംരക്ഷണം നൽകേണ്ട സർക്കാരിന്റെ ഭരണാധികാരം ദുർബലപ്പെടുത്താനുള്ള സാധ്യതയാണ് കമ്മീഷൻ കേന്ദ്രസർക്കാരിനോട് ശുപാർശ ചെയ്തിരിക്കുന്നത്. ഉണ്ട്.</p>
<p>(സി)  പൊതുമേഖലാ സ്ഥാപനങ്ങൾ സംബന്ധിച്ച പതിനാലാം ധനകാര്യ കമ്മീഷന്റെ ശുപാർശകൾ എന്തെല്ലാമാണ്?</p>	<p>പൊതുമേഖലാ സ്ഥാപനങ്ങൾ സംബന്ധിച്ച പതിനാലാം ധനകാര്യ കമ്മീഷന്റെ ശുപാർശകൾ അനുബന്ധം-II-ൽ ചേർത്തിരിക്കുന്നു.</p>



**സെക്ഷൻ ഓഫീസർ**

**Drinking Water**

15.49 Sustainable drinking water supply systems are defined as those being operated under a formal management model, have 100 percent household meters installed and whose net revenues from water tariffs and subsidies are sufficient to cover at least the O&M costs of the system. The biggest challenge to drinking water utilities is measurement of consumption. The benefits of metering are that, in conjunction with volumetric pricing, it provides an incentive for water conservation. Further, it helps to detect water leaks in the distribution network, thus providing a basis for reducing the amount of non-revenue water. Finally, it is a precondition for quantity-targeting of water subsidies to the poor.

15.50 Considering all these factors, we recommend that States (and urban and rural bodies) should progressively move towards 100 per cent metering of individual drinking water connections to households, commercial establishments as well as institutions. All existing individual connections in urban and rural areas should be metered by March 2017 and the cost of this should be borne by the consumers. All new connections should be given only when the functioning meters are installed. While providing protected water supply through community taps is unavoidable for poorer sections of population, metering of water consumed in such cases also would ensure efficient supply.

**Recommendations**

- i. We recommend that 100 per cent metering be achieved in a time-bound manner for all electricity consumers as already prescribed statutorily. (para 15.30)
- ii. The Electricity Act, 2003, currently does not have any provision of penalties for delays in the payment of subsidies by State Governments. We, therefore, recommend that the Act be suitably amended to facilitate levy of such penalties. (para 15.32)
- iii. In order to provide financial autonomy to the SERCs, Section 103 of the Electricity Act provides for the establishment of a State Electricity Regulatory Commission Fund by State Governments, to enable the SERCs to perform their responsibilities, as envisaged under the Act. We reiterate the importance of financial independence of the SERCs and urge all States to constitute a SERC Fund, as statutorily provided for. (para 15.34)
- iv. We endorse the initiative to set up a Rail Tariff Authority (RTA) and urge expeditious replacement of the advisory body with a statutory body, through necessary amendments to the Railways Act, 1989. (para 15.38)
- v. We recommend that accounting systems in the SRTUs make explicit all forms of subsidy, the basis for determining the extent of subsidies, and also the extent of reimbursement by State Governments. (para 15.40)
- vi. We recommend the setting up of independent regulators for the passenger road sector, whose key functions should include tariff setting, regulation of service quality, assessment of concessionaire claims, collection and dissemination of sector information, service-level benchmarks and monitoring compliance of concession agreements. (para 15.41)

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- vii. We recommend that all States, irrespective of whether Water Regulatory Authorities (WRAs) are in place or not, consider full volumetric measurement of the use of irrigation water. Any investment that may be required to meet this goal should be borne by the States, as the future cumulative benefits, both in environmental and economic terms, will far exceed the initial costs. (para 15.45)
- viii. We reiterate the recommendations of the FC-XIII and urge States which have not set up WRAs to consider setting up a statutory WRA, so that the pricing of water for domestic, irrigation and other uses can be determined independently and in a judicious manner. However, this may not be practical for the North-eastern states, due to the small size of their irrigation sectors, with Assam being the exception. Further, we recommend that WRAs already established be made fully functional at the earliest. (para 15.48)
- ix. We recommend that States (and urban and rural bodies) should progressively move towards 100 per cent metering of individual drinking water connections to households, commercial establishments as well as institutions. All existing individual connections in urban and rural areas should be metered by March 2017 and the cost of this should be borne by the consumers. All new connections should be given only when the functioning meters are installed. While providing protected water supply through community taps is unavoidable for poorer sections of population, metering of water consumed in such cases also would ensure efficient supply. (para 15.50)

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Chapter 16 : Public Sector Enterprises

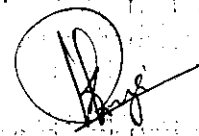
FC-XIII had observed that more than 70 per cent of State public sector enterprises had their accounts in arrears. It had recommended proactive clearance in consultation with, and through the flexibility provided by C&AG to clear the backlog in accounts. During our review also the position has remained very similar. C&AG reports of State public sector enterprises show that as on 31 March 2013, out of 1,023 working public sector enterprises, the accounts of 696 (68 per cent) are in arrears. We reiterate the concerns expressed by the FC-XIII on the significance of finalisation of accounts in a timely manner, and to review the policy of continued investments in them without any assurance on their proper utilisation.

16.53 The desired levels of return on equity and interest on outstanding loans suggested by the previous Finance Commissions have not been achieved. The FC-XIII had noted that State public sector enterprises remain a drag on the finances of State Governments. We reiterate the views of the FC-XIII on the necessity for all working enterprises, except those in the welfare and utility sectors, to become financially viable. The FC-XIII recommendations, for the relinquishment of sick and non-working public sector enterprises were, in our view, comprehensive and adequate.

16.54 The approach we have suggested for Central public sector enterprises related to prioritisation, disinvestment and relinquishment are equally relevant to the State public sector enterprises. Our suggestions on assessment of each entity for categorisation as per their levels of 'priority' and 'non-priority' can be used for operationalising the recommendations of the FC-XIII, with appropriate changes as required in the particular State/entity's context. **We recommend that, in addition to acting upon the recommendations of the FC-XIII on state-level enterprises, the logic of our recommendations on public sector enterprises in general be adopted, to the extent appropriate, by State Governments.**

**Recommendations**

- i. We recommend that the new realities outlined in para 16.14 be recognised in order to shape and develop a comprehensive public sector enterprise policy with adequate focus on the fiscal costs and benefits. We further recommend that the new realities be considered in evaluating the future of each public enterprise in the entire portfolio of Central public sector enterprises.(para 16.15)
- ii. The evaluation of the fiscal implications of the current level of investments in, and operations of, the existing public sector enterprises, in terms of opportunity costs, is an essential ingredient of a credible fiscal consolidation. Hence, we recommend that the fiscal implications in terms of opportunity costs be factored in while evaluating the desirable level of government ownership for each public enterprise in the entire portfolio of Central public sector enterprise. (para 16.17)
- iii. We recommend that the basic interests of workers of Central public sector enterprises should be protected at a reasonable fiscal cost, while ensuring a smooth process of disinvestment or relinquishing of individual enterprises. We further recommend that employment objectives should be considered in evaluating the portfolio of public sector enterprises, not only in the narrow context of the enterprises' employees, but also in terms of creating new employment opportunities.(para 16.19)



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- iv. We recommend that the enterprises be categorised into 'high priority', 'priority', 'low priority' and 'non-priority' in order to: (i) facilitate co-ordinated follow up action by policy makers and (ii) provide clarity to public sector enterprises themselves on their future and to the financial markets about the opportunities ahead for them. (para 16.24)
- v. We recommend that the route of transparent auctions be adopted for the relinquishment of unlisted sick enterprises in the category of non-priority public sector enterprises. (para 16.27)
- vi. We recommend that the level of disinvestment should be derived from the level of investment that the government decides to hold, over the medium to long term, in each enterprise, based on principles of prioritisation advised by us, while the process of disinvestment should take into account the market conditions and budgetary requirements, on a year to year basis. (para 16.31)
- vii. We recommend that the government devise a policy relating to the new areas of public sector investments. We also recommend the purchase of shares where the existing portfolio holding in the 'high priority' and 'priority' public sector enterprises is less than the desired level of government ownership. (para 16.33)
- viii. We reiterate the recommendations made by the FC-XIII to maintain all disinvestment receipts in the Consolidated Fund for utilisation on capital expenditure. The National Investment Fund in the Public Account should, therefore, be wound up in consultation with the Controller General of Accounts (CGA) and Comptroller & Auditor General (C&AG). (para 16.34)
- ix. There is considerable merit in the Union Government dispensing a small share of proceeds of disinvestment to the States. In the case of Central public sector enterprises with multiple units located in different States, the distribution of this share could be uniform across all the States where units are located. In cases where only vertical unit-wise disinvestment is done, the share could go to the State/States where the units being disinvested are located. (para 16.36)
- x. We recognise the importance of making Central public sector enterprises effective and competitive, but suggest that the monitoring and evaluation of these enterprises take into account the institutional constraints within which their managements operate. (para 16.38)
- xi. If the Central public sector enterprises are burdened with implementing social objectives of the government, it should compensate them in a timely manner and adequately through a transparent budgetary subvention. Similarly, losses on account of administered price mechanisms should also be calculated and fully compensated for. (para 16.39)
- xii. We recommend that governance arrangements be reviewed, especially in regard to separation of regulatory functions from ownership, role of the nominee as well as independent directors, and, above all, the framework of governance conducive to efficiency. (para 16.40)



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- xiii. We recommend that as part of the comprehensive review of the public sector enterprises proposed by us, policies and procedures relating to borrowing by the enterprises, payment of dividends and transfer of excess reserves be enunciated and enforced. (para 16.43)
- xiv. We recommend that, in view of the significant fiscal implications, a clear cut and effective policy on investments of Central public sector enterprises in their subsidiaries be adopted. (para 16.44)
- xv. We recommend that a Financial Sector Public Enterprises Committee be appointed to examine and recommend parameters for appropriate future fiscal support to financial sector public enterprises, recognising the regulatory needs, the multiplicity of units in each activity and the performance and functioning of the DFIs. (para 16.49)
- xvi. We recommend that, in addition to acting upon the recommendations of the FC-XIII on state-level enterprises, the logic of our recommendations on public sector enterprises in general be adopted, to the extent appropriate, by State Governments. (para 16.54)

