

UDAY Scheme - Centrally Sponsored Scheme

The UDAY scheme was launched on November 15, 2015, under the Government of India for operational and financial turnaround of the Power Distribution Companies (DISCOMs) owned by any state. This scheme was established with a vision to provide affordable and accessible 24×7 Power to all. UDAY scheme also aims in providing a solution for revenue-side efficiency as well as cost-side efficiency.

To know more about UDAY Yojana, refer to the table given below:

| UDAY Scheme | |
|---------------------|-------------------------------|
| Full form | Ujwal DISCOM Assurance Yojana |
| Date of launching | November 2015 |
| Government Ministry | Ministry of Power |
| Type | Centrally Sponsored Scheme |

UDAY Yojana is an important topic for the [IAS Exam](#). Aspirants must go through the article for the details about this scheme.

Objectives of UDAY

Piyush Goyal, the Minister of State for Power and New and Renewable Energy first announced the Ujwal DISCOM Assurance Yojana (UDAY) in November 2015. A total of 32 States and Union Territories are under this scheme. UDAY scheme focuses on proposing an annual tariff increase, adjusting the quarterly fuel cost, reduction of interest burden, rationalization of coal price, reduction in the fuel cost through coal swapping, time-bound loss reduction, etc.

Some of the major objectives of the UDAY scheme are mentioned below:

- Ujwal DISCOM Assurance Yojana (UDAY) targets in reducing the average technical and commercial loss from around 22% to 15% along with eliminating the gap between revenue-side supply & cost-side supply by 2018-19.
- Improvement of operational efficiency through compulsory smart metering, up-gradation of transformers, meters, etc. Also, the adoption of energy efficiency measures like the promotion of efficient LED bulbs, agricultural pumps, fans & air-conditioners would be initiated.
- Reduction of the power cost, interest burden and loss of power in the Distribution sector along with improvement of the operational efficiency of DISCOMs for the supply of adequate power at affordable rates.
- UDAY is basically a debt restructuring plan for the DISCOMs and is optional for the states.

- Attracting the states for their active participation in the scheme by providing incentives to the performing states. 75% of the debts of their respective DISCOMs are taken over by the joining states by signing a Memorandum of Understanding in a phased manner by issuing bonds. The other 25% of the debts will be issued by DISCOMs in the form of bonds.

Benefits to the Participating States

- Reduction in Cost of power through Central Support
 - Increased supply of domestic coal
 - Allocation of coal linkages at notified prices
 - Coal price rationalization
 - Coal linkage rationalization & allowing coal swaps
 - Supply of washed & crushed coal
 - Additional coal at notified prices
 - Faster completion of Interstate Transmission lines
 - Power purchase through transparent competitive bidding

Frequently Asked Questions on Ujwal DISCOM Assurance Yojana

Q 1. What is the full form of UDAY?

Ans. The full form of UDAY is Ujwal DISCOM Assurance Yojana.

Q 2. What is the objective of UDAY Scheme?

Ans. Ujwal DISCOM Assurance Yojana is a scheme for the Financial Turnaround of Power Distribution Companies (DISCOMs), has been approved by the Government of India with an objective to improve the operational and financial efficiency of the State DISCOMs.

Q 3. What is the function of DISCOM in India?

Ans. DISCOMs buy power from generation companies and supply it to the consumers. Thus, the proper functioning of DISCOMs ensures proper electricity supply to the customers.

Q 4. What is the objective of UDAY 2.0?

Ans. The Government of India launched UDAY 2.0 with an aim to install smart prepaid metres, prompt payment by DISCOMs, making coal available for short term and reviving gas-based plants.