
For Favour of Publication

Patna, April 26th. The International Growth Centre (IGC) and Asian Development Research Institute (ADRI) organised a webinar titled “Electricity Access among Small Firms in Bihar”. The panel was moderated by Ashmita Gupta (ADRI) and event panellists were Sanjeev Hans (Secretary, Energy Department, Government of Bihar) and Johannes Urpelainen (Johns Hopkins School of Advanced International Studies).

Access to electricity represents a challenge for firms across India. Poor electricity access disrupts supply chains and incentivizes firms to invest resources in backup generators. Slower production and extra expenses affect firms’ margins. Research shows that India’s manufacturing sector loses 5-10% every year because of electricity shortages.

Johannes Urpelainen stated that in Bihar, Small and Medium Scale Industries (SMEs) that are connected to the grid report that the quality of electricity supply is high, providing on average 18.7 hours of electricity per day and less than one day with blackouts or voltage fluctuation per month. Despite these, there are several issues pertaining to electricity access. First, grid connection among MSEs remains far from universal. 59% are connected to the grid, 24% use off-grid technologies, and the remaining 17% do not use electricity whatsoever. 75% consume less than one kilowatt-hour per day to power basic appliances including lighting, phone charging, and fans. The most common reasons cited for not having grid connections were cost which was stated by more than 50% of the respondents and no perceived need was stated by 35% of the respondents. Some of the policy recommendations suggested by Johannes are - 1) Reduce grid connection costs for small firms and evaluate the benefits of lower electricity prices in a pilot study. 2) Use distributed power generation to energize small firms where grid connection is expensive or infeasible. 3) Increase electricity consumption with access to credit and consumer demand simulation. With all these, in the post COVID19 world, Bihar will achieve the desired outcomes.

Sanjeev Hans stated that the findings are quite relevant to the reality of Bihar. In Bihar, it’s hard to find industrial and housing areas. The state government is able to provide the kind of power (electricity) quality to these micro enterprises as per the needs. The Government of Bihar initiated lots of policy interventions from January 2020. At present, people in Bihar are able to apply online for getting electricity connections. He also mentioned that demand stimulation only happens when the Industry Department takes the lead with some benefits for the MSMEs in connection with the Energy Department. He also stated that common utility areas need to be established for dedicated feeders. With these, Bihar situation will improve soon.

Professor Prabhat P Ghosh, Member Secretary, ADRI gave the vote of thanks.

(Anjani Kumar Verma)