

## Answers.

Ans 2 IPPs are independent power producers who are private companies that produce/generate electricity and sell it to the national grid. Firstly, Payments to IPPs are made in dollars, and because the <sup>rupee</sup> is not <sup>has</sup> depreciated against the dollar, the <sup>overall</sup> cost of production is higher. Secondly, the contracts fixed with the IPPs are not renewed, <sup>renewed</sup> which means that if in 2010 a contract was drawn up, among the IPPs and the government, the government will keep on paying the IPP the same amount that was initially agreed upon, <sup>depending</sup> ~~on~~ <sup>how little</sup> regardless of how much <sup>or</sup> electricity they may generate they are paid the same amount as mentioned in the contract - which means that the <sup>real</sup> problem - load shedding due to insufficient production of electricity is not solved. Instead, due to heavy sums being paid to the IPPs, the cost of electricity ~~and eventually~~ the increases, from Rs 16.37 /unit kWh in FY 2021, the cost went up to Rs 17 <sup>per</sup> /unit kWh which is a burden ~~on~~ on the common man.

However, this is not <sup>the</sup> only reason why electricity is so expensive. Another reason is the <sup>faulty</sup> ~~distribution~~ <sup>transmission</sup> lines. Due to faulty wires and distribution <sup>losses</sup> ~~lines~~, a significant chunk 15-20% of electricity is lost/wasted.