

Cash gap for discoms may remain high in FY27, says Icra

The cash gap for distribution companies is likely to remain high at 30-33 paise per unit in the current financial year (FY27) due to limited tariff hikes and increased power purchase costs amid addition of relatively higher tariff-based capacities, ratings agency Icra said. In FY27 tariff orders issued in 17 states, tariff hikes approved for the financial year remain muted across most states despite the loss-making operations of discoms. This comes even as the gross debt for state-owned discoms remains at ₹7.1 trillion as of March 2025. “Such high debt levels are unsustainable for discoms, given their current revenues and profitability,” Icra said.

BS REPORTER