

SECTION – 8
WORKING CAPITAL

8.1 EXISTING PROVISIONS

As per GOI tariff notification dt. 31.3.92 (as ammended upto 6.11.95) the working capital shall include the following :

- i) The O&M expenses for one month.
- ii) Maintenance spares at actuals but not exceeding one year's requirements less value of one fifth of initial spares already capitalised, and
- iii) Receivables equivalent to two months of average billing for sale of electricity.

8.2 DISCUSSIONS

- i) To develop Norm for Maintenance spares for one year, the data on actual annual O&M expenses, and cost of spares actually consumed in case of about 30% plants was examined. The study indicated that on an average, the cost of spares consumed is about 6% of total annual O&M expenditure.
- ii) In sub-para (iii) above quantum of energy for sale in two months could be defined as $1/6^{\text{th}}$ of Design Energy.

8.3 RECOMMENDATIONS

The working capital shall include the following :

- i) The O&M expenses for one month.
- ii) Cost of Maintenance spares equal to 6% of annual O&M expenses.
- iii) Receivable equivalent to two month's average billing for sale of 1/6th of Design Energy.