

ALL INDIA POWER ENGINEERS FEDERATION



(REGISTERED UNDER SOCIETIES ACT XXI of 1860), Regd. No. 24085/93

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No. 26 - 2026/Ladakh

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To

**HE Shri Vinai Kumar Saxena,
Hon'ble Lieutenant Governor,
Union Territory of Ladakh.**

Subject: Request for reconsideration and detailed consultation on proposed Joint Venture / privatization of Ladakh Power Development Department (LPDD).

Esteemed Sir,

On behalf of the All India Power Engineers Federation (AIPEF), we respectfully submit our serious concerns regarding the proposed corporatization and formation of a Joint Venture between the Administration of UT Ladakh and REC Power Development Corporation Limited (RECPDCL) for the Ladakh Power Development Department (LPDD).

At the outset, we wish to emphasize that the electricity sector in Ladakh is not merely a commercial service but a critical public utility with deep social and strategic significance. Any restructuring of such a vital sector must be approached with utmost caution, transparency, and wider stakeholder consultation.

AIPEF strongly feels that the proposed arrangement, which envisages transfer of core electricity assets and dilution of government ownership through a 51% equity stake to a joint venture partner, raises the following serious concerns:

1. Impact on Poor and Domestic Consumers.

The transition to a commercial model with provision of Return on Equity (RoE) will inevitably lead to higher tariffs. This will severely affect domestic consumers, particularly economically weaker sections in Ladakh, where income levels are modest and cost of living is already high. The existing welfare-oriented approach of LPDD may be replaced by a profit-driven system, compromising affordability and universal access.

2. Uncertainty of Subsidy and Consumer Protection.

Although continuation of subsidies is mentioned, it is contingent upon future fiscal support from the UT Administration. This creates uncertainty for consumers and exposes them to potential tariff shocks in the coming years.

3. Strategic and National Security Concerns.

Ladakh is an extremely sensitive border region with strategic importance for national security. Electricity infrastructure in such an area must remain under direct and effective government control. The proposed model, which allows operational flexibility to engage third-party agencies and contractors, may create vulnerabilities in terms of security, coordination, and control, especially during emergency or conflict situations.

4. Transfer of Public Assets to Commercial Entity.

The proposed transfer of generation and distribution assets—created through public investment—to a corporatized entity effectively amounts to privatization. While liabilities remain with the government, operational control and profit opportunities are handed over to the joint venture partner, which is not in the larger public interest.

5. Long-Term Policy Lock-in.

The proposal for a long-term license period (up to 25 years) will restrict future policy flexibility of the government, even if the model proves unsuitable for the unique conditions of Ladakh.

6. Employee and Institutional Concerns.

Although existing employees are proposed to be protected on deputation, the long-term impact on institutional strength, technical capacity, and future workforce conditions remains uncertain. This may weaken the public sector capability in a strategically important region.

7. Financial Viability Concerns.

The MoU itself indicates the need for continued revenue gap funding and government support. This suggests that privatization may not resolve underlying financial challenges but instead add a layer of profit obligation, ultimately burdening consumers and public finances.

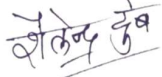
In view of the above, AIPEF respectfully submits that:

- The proposed Joint Venture / privatization process should be kept in abeyance.
- A comprehensive review should be undertaken considering the unique geographical, socio-economic, and strategic context of Ladakh.
- Wider consultations should be held with stakeholders including employees, consumer groups, and technical experts before taking any final decision.
- Strengthening and reforming LPDD within the public sector framework should be explored as a more suitable alternative.

We sincerely hope that the Administration will give due consideration to these concerns in the larger interest of consumers, employees, and national security.

With regards,

Yours sincerely,



Shailendra Dubey
Chairman