

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1170
ANSWERED ON:01.03.2006
INCREASE IN RATES OF POWER
Pathak Shri Brajesh

Will the Minister of POWER be pleased to state:

- (a) whether the Government is aware of the adverse impact of the continuous increase in the rates of power on the agriculture sector and the common man;
- (b) if so, whether the Government has taken or proposes to take any concrete steps to address the said problem;
- (c) if so, the details thereof; and
- (d) if not, the reason therefor?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (d) : As per the provisions of the Electricity Act, 2003 the State Electricity Regulatory Commissions (SERCs) have the powers to fix tariff for sale of electricity to consumers including farmers. In doing so these Commissions are required to be guided by the provisions contained in section 61 of the Act which, inter alia, include the factors which would encourage competition, efficiency, economical use of resources, safeguarding of consumers interests and at the same time ensure recovery of cost of electricity in a reasonable manner. The SERC is required to determine tariff in a transparent way after hearing various stakeholders.

Section 65 of the Act provides that if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commissions, the State Government shall pay to the concerned utility/licensee the full amount required to compensate the grant of subsidy.

Government of India has notified Tariff Policy under the provisions of the Act. The Policy states that extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. The Policy further states that the subsidised rates of electricity should be permitted only upto a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers.