

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4482

ANSWERED ON:19.05.2006

INCREASE IN POWER TARIFF

Chowdhury Shri Adhir Ranjan;Siddeswara Shri Gowdar Mallikarjunappa;Singh Shri Uday

Will the Minister of POWER be pleased to state:

- (a) whether some State Governments have increased the power tariff in an arbitrarily manner;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Union Government have received representations from MPs and MLAs and Local Leaders etc. in this regard;
- (d) if so, the details thereof and the reaction of the Union Government thereto; and
- (e) the steps taken by the Union Government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b): Fixation of power tariffs of distribution licensees is the statutory function of the State Electricity Regulatory Commissions (SERCs). As per the provisions of the Electricity Act, 2003 the SERCs have powers to fix tariff for sale of electricity to various categories of consumers. In doing so they are guided by the provisions contained in section 61 of the Act which, inter alia, include the factors that 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.

(c) to (e): Various references are received on matters related to tariff setting. Central Government has notified the Tariff Policy under the provisions of the Electricity Act, 2003 after having consultation with the State Governments and various other stake-holders. One of the objectives of the Policy is to ensure availability of electricity to consumers at reasonable and competitive rates. The SERCs are also guided by this Policy in the discharge of their functions.

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.