

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:3343

ANSWERED ON:12.05.2006

PROTECTION OF INDUSTRIAL SECTOR DUE TO COST ESCALATION

Reddy Shri Magunta Sreenivasulu

**Will the Minister of POWER be pleased to state:**

- (a) whether the electricity charges for industrial sector are many times higher than that paid by agriculture and household sector; and
- (b) if so, the details thereof along with the steps taken by the Government to protect industrial sector due to cost escalation of electricity charges?

**Answer**

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) : The electricity charges for industrial sector are generally higher than that paid by the agricultural and household sector due to cross subsidization of the latter by the former.

(b): A statement showing estimated average rates of electricity (updated upto 1.12.2005) for different categories of consumers in various states is at Annexure. Under the Electricity Act, 2003, the tariff for supply of power to various categories of consumers is to be determined by the State Electricity Regulatory Commissions and 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 the resources, safeguarding of consumer's interest and at the same time ensure recovery of the cost of electricity in a reasonable manner and also, reduce and eliminate cross-subsidies. Tariff Policy notified by the Government under the Electricity Act provides that cross subsidies for different consumers are to be reduced and brought within the range of  $\pm 20\%$  of the average cost of supply by the end of the year 2010-11. The State Government can give subsidy in the tariff determined by the Regulatory Commission, under section 65 of the Act, to the category of consumers it thinks appropriate by paying the amount of such subsidy to the power distribution company. The provision of Electricity Act 2003 and Tariff Policy stated above will protect industrial sector from cost escalation.