

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

STARRED QUESTION NO:267  
ANSWERED ON:31.08.2007  
CENTRAL SUBSIDY FOR FREE POWER TO FARMERS  
Jagannath Dr. M.

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

(a) whether some State Governments have requested the Union Government to bear the entire burden of subsidy in the matter of supply of free power to farmers and poor households; and

(b) if so, the details thereof and the action proposed by the Union Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF POWER ( SHRI SUSHILKUMAR SHINDE )

(a) & (b) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) & (b) OF STARRED QUESTION NO. 267 TO BE ANSWERED IN THE LOK SABHA ON 31.08.2007 REGARDING CENTRAL SUBSIDY FOR FREE POWER TO FARMERS.

(a) & (b) : The Ministry of Power convened a Conference of Chief Ministers on power sector issues on 28th May, 2007. In the Conference, the States did not raise any demand for bearing the entire burden of subsidy by the Union Government for free power supply to farmers and poor households.

The National Electricity Policy, notified in February, 2005 by the Central Government under the provisions of the Electricity Act, 2003, while laying emphasis on ensuring the recovery of cost of service from the consumers to make the power sector sustainable, provides that a minimum level of support may be required for consumers living below poverty line and consuming only up a specified level, say 30 units/month, in terms of cross-subsidised tariffs; however, tariff for such consumers should also be at least 50% of the average (overall) cost of supply.

The Policy provides that the State Governments may give subsidy to a consumer or a class of consumers to the extent they consider appropriate in terms of section 65 of the Act in which case necessary budget provision would be required to be made in advance so that the utility does not suffer financial problems that may affect its operations. Efforts would be made to ensure that the subsidies reach the targeted beneficiaries in the most transparent and efficient way.

The Conference of Chief Ministers held on 28th May, 2007 also reiterated that where free or subsidised power is provided to a section of consumers, the State Government shall ensure upfront payment of the same to the utilities.