

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3338

ANSWERED ON:11.12.2000

HIKE IN POWER TARIFFS BY STATES .

A.P. JITHENDER REDDY;NEDURUMALLI JANARDHANA REDDY

Will the Minister of POWER be pleased to state:

- (a) whether the Union Government are aware that some State Governments have hiked power tariffs beyond the reach of common man under the pressure from the World Bank;
- (b) if so, the details of power projects in the country for which World Bank has provided loans alongwith the terms and conditions thereof;
- (c) whether the Union Government propose to interfere in the matter and discuss this issue with the concerned State Governments;
- (d) if so, the details thereof; and
- (e) if not, the reaction of the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (e): The National Development Council (NDC) Committee on Power in its report in September, 1994 recommended, inter alia, that the State Government should adopt minimum All India agriculture tariff and also should agree to provide subsidy to the SEBs in a transparent manner to compensate for the losses and that subsidies to the agriculture consumers should be progressively phased out and if necessary subsidies on foodgrains should be reviewed.

The Common Minimum National Action Plan for Power

(CMNPP) adopted in the Chief Ministers Conference held in 1996 envisaged, inter alia that no sector shall pay less than 50% of the average cost of supply (cost of generation plus transmission and distribution) and that tariffs for agriculture sector will not be less than 50 Paise per Kwh and that it should be brought to 50% of the average cost in not more than three years.

The Government of India enacted the Electricity Regulatory Commission Act, 1998 paving the way for creation of independent regulatory commissions at the Centre and in the States, with a view to rationalization of electricity tariff and to bring about transparency in relation to tariff and subsidies.

14 States have since constituted/notified constitution of SERCs. The SERCs of Orissa, Andhra Pradesh, Maharashtra, Uttar Pradesh and Gujarat have issued tariff orders. In the States which have constituted SERCs, the responsibility of tariff fixation has been transferred to the independent Regulatory Commissions. The ERC Act itself ensures independence for the Regulatory Commissions and tariff orders are mandatory. However, the Act also provides that if a State requires the grant of any subsidy to any consumers or class of consumers, it has to compensate the person affected in the manner the State Commission may direct.

The State of Orissa, Andhra Pradesh, Haryana, Uttar Pradesh and Rajasthan have undertaken reforms with assistance from the World Bank. The World Bank loan is linked to attainment of certain milestones by the States.