

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2266

ANSWERED ON:06.03.2003

SUBSIDY ON ELECTRICITY FOR AGRICULTURE

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of POWER be pleased to state:

- (a) whether the Union Government have planned extensive guidelines in the field of electricity supply for agriculture for adoption by various State Governments;
- (b) if so, the details thereof;
- (c) whether the Union Government have also opposed the heavy subsidies in electricity/free electricity for agriculture sector;
- (d) if so, the reasons therefor;
- (e) whether the Government have a proposal that the tariff structure on both irrigation and energy are likely to be reviewed and revised every five year; and
- (f) if so, the reaction of the State Governments thereto?

Answer

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

(a) : No, Sir.

(b) : In view of (a) above does not arise.

(c) to (f) : Distribution of electricity is the responsibility of the State Government. Retail tariff for supply of power to the various consumers is determined by the State Government or State Electricity Regulatory Commission, wherever in operation.

Section 29(2)(c) of the Electricity Regulatory Commissions (ERC) Act, 1998 requires the State Commission to ensure inter alia that the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency. Section 29(3) of the Act, provides that State Commission while determining the tariff under this Act, shall not show undue preference to any consumer of electricity, but may differentiate according to the consumers load factor, power factor, total consumption of energy during any specified period or the time at which supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

The State governments, however, have the powers to grant subsidy to any class of consumers in the tariff determined by the State Commissions, Section 29(5) of the ERC 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 Commission, the State Government shall pay the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct.

The Chief Ministers Conference held on 3rd March, 2001 resolved that 'it is necessary to move away from the regime of providing free power. The past decision of CMs of a minimum agricultural tariff of 50 Paise may be implemented immediately'.

Under the Accelerated Power Development and Reforms Programme (APDRP), actual reduction of the gap between revenue and cost in the State is to be incentivised through grants.

The Tenth Five Year Plan adopted by Government of India envisages increase in irrigation charges. Accordingly, the allocations under Accelerated Irrigation Benefit Programme (AIBP) has been linked with Water Tariff Reforms. The reforming states agreeing to revise their water rates within a period of five years for full recovery of O&M costs would be entitled to have better terms of loan under a special dispensation of the programme and are to enter into a Memorandum of Understanding (MoU) with the Government of India for this purpose. So far four States namely, M.P., Rajasthan, Orissa and Maharashtra have signed MOUs with Government of India agreeing to revise the water charges within five years.