

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:274
ANSWERED ON:07.08.2003
RATIONALIZATION OF POWER TARIFFS
NARESH KUMAR PUGLIA;VILAS BABURAO MUTTEMWAR

Will the Minister of POWER be pleased to state:

- (a) whether the Union Government have proposed to announce a new powertariff policy aimed at rationalization of tariffs and reduction in cross-subsidy;
- (b) if so, the details in this regard;
- (c) whether the existing cross subsidies would be phased out;
- (d) if so, the facts thereof; and
- (e) the time by which the said subsidy is likely to be phased out?

Answer

THE MINISTER OF POWER (SHRI ANANT GANGARAM GEETE)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 274 TO BE ANSWERED IN TI
LOK SABHA ON 07.08.2003 REGARDING RATIONALIZATION OF POWER TARIFFS.

(a) to (e) : Section 3 of the Electricity Act, 2003 provides that the Central Government shall prepare the tariff policy in consultation with the State Governments and the Central Electricity Authority (CEA). The consultation process has been initiated.

Section 79(2) of the Act provides that the Central Electricity Regulatory Commission (CERC) shall advise the Central Government, inter alia, on formulation of tariff policy. The Commission has been requested to send its advice.

Section 61 of the Act provides that the Regulatory Commissions while specifying the terms and conditions for determination of tariff shall be guided, inter alia, by section 61(g) which requires that the tariff progressively reflects the cost of supply of electricity, and also, reduces and eliminates cross- subsidies within the period to be specified by the Regulatory Commissions.