

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:593  
ANSWERED ON:25.11.2005  
RURAL ELECTRIFICATION  
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**Will the Minister of POWER be pleased to state:**

- (a) the names of States which have achieved their targets for rural electrification during 2004-05 and 2005-06 till date;
- (b) whether due to high cost of electricity, villagers in rural area are unable to use the electricity;
- (c) if so, the reaction of the Union Government in this regard;
- (d) the steps taken by the Government to reduce the electricity cost in the country particularly in rural area; and
- (e) the time by which all States are likely to be fully electrified in the country?

**Answer**

THE MINISTER OF POWER ( SHRI P.M. SAYEED )

(a) : Target of electrifying 10,000 villages has been set for 2005-06 for the entire country under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). The scheme is under implementation at various stages in 27 states. In Bihar and Uttar Pradesh, 1027 villages have already been reported to be electrified. In Bihar the number is 521 and in Uttar Pradesh it is 506.

(b) & (c) : The determination of tariff of electricity is the statutory function of Electricity Regulatory Commissions under the Electricity Act, 2003. The National Electricity Policy recognizes the need to give minimum level of support to make the electricity affordable for consumers of poor category. As per the National Policy, consumer below poverty line who consume below a specified level say 30 units per month may receive special support in terms of tariff which are cross subsidized. Such tariff will be at least 50% of average cost of supply.

In addition, the State Governments may give subsidy to the extent they consider appropriate to consumer of particular category in terms of section 65 of the Act in which case necessary budget provision would be required to be made in advance so that utility does not suffer the financial problems that may affect its operations. As per statistics compiled by Central Electricity Authority, 24.13% of the electricity was sold to agricultural consumers in the year 2003-04.

(d) : RGGVY has been launched by the Central Government which provides for 90% capital subsidy to the states for creating Rural Electricity Distribution Backbone and village electrification infrastructure. This will bring down the cost of electricity by way of lower fixed costs. Distribution network of adequate capacity will also reduce the distribution losses thereby reducing cost of delivery of power.

One of the main objectives of Electricity Act, 2003 is to promote competition in the sector aiming to achieve efficient cost.

The benefit under Mega Power policy which provides for zero customs duty for import of capital equipment and deemed export for domestic suppliers has been extended to all inter-state projects which fulfill the basic criteria of minimum capacity of 1000 MW for thermal and 500 MW for hydel project.

Further, the Government of India has taken following fiscal measures for the power sector:

# Reduction of the aggregate duty on transmission and distribution equipments from the level of 25%(Basic Customs Duty) + 4%(Special additional duty) to 10%(BCD) + 16%(CVD).

# Reduction of customs duty on electricity meters from 25% to 15%.

# Reduction of customs duty on coal from 25% to 5%.

The Accelerated Power Development and Reforms Programme (APDRP) has been launched for strengthening and upgradation of distribution network aimed at reduction in aggregate & technical commercial losses which in turn has an effect of reducing the cost of delivered power.

(e) : By 2009, all the un-electrified villages in the country will be electrified and also all the rural households will have accessibility to

electricity.