

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1824

ANSWERED ON:20.07.2004

POWER TARIFF

Athawale Shri Ramdas;Dome Dr. Ram Chandra;Manoj Kumar Shri ;Sen Smt. Minati

Will the Minister of POWER be pleased to state:

- (a) whether the Government is aware of the adverse effect of the continuous increase in power tariffs in the country on the agriculture, industry and common man;
- (b) if so, the power tariff for different sectors viz. agriculture, industry and domestic in the country, State-wise;
- (c) the extent of hike in power tariff by SEBs in the States recorded during the last three years, State-wise; and
- (d) : the steps taken/proposed to be taken by the Government to check the frequent hike in power tariff ?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI P.M. SAYEED)

(a) to (d) : Under the Electricity Act, 2003, the tariff for supply of power to various categories of consumers is to be determined by the State Electricity Regulatory Commissions and in doing so these Commissions are required to be guided by the provisions contained in Section 61 of the Act which, inter-alia, include the factors which would encourage competition, efficiency, economical use of the resources, safeguarding of consumer's interest and at the same time ensure recovery of the cost of electricity in a reasonable manner. The State Commissions are also required to ensure transparency while exercising its powers and discharging its functions.

Statements showing estimated average rate of electricity as on 1.4.2003, 1.4.2004 and 1.7.2004 are at Annexure-I, II and III respectively.

A number of steps have been taken to reduce the cost of power. The benefit under Mega Power Policy which provides for zero customs duty for import of capital equipment and deemed export benefits 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 recently announced the 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) + 16% (CV 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 15%.

The Accelerated Power Development and Reforms Programme (APDRP) have been launched for financing projects for system loss reduction which in turn has the effect of reducing the cost of delivered power.

The Electricity act, 2003 creates a liberal framework for development of the power sector and reduces the entry barrier in different segments of power supply industry. This is expected to encourage completion and in turn efficiency improvements, resulting in cost reduction and quality supply of power to the consumers at competitive rates.