

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1914

ANSWERED ON:24.08.2007

POWER TARIFF

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Will the Minister of POWER be pleased to state:

- (a) the reasons for high power tariff in the country;
- (b) whether tariff fixation has any bearing of World Bank policies;
- (c) if so, the details thereof;
- (d) whether Government has any record available regarding power tariff in advanced countries; and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) : Determination of power tariffs to be charged by the distribution licensees is the statutory function of the State Electricity Regulatory Commissions (SERCs). In doing so SERCs are guided by the provisions contained in the Electricity Act 2003 which, inter alia, include the factors that would encourage competition, efficiency, economical use of resources, safeguarding of consumers interests and at the same time ensure recovery of cost of electricity in a reasonable manner, reduction of cross subsidies, the National Electricity Policy and the Tariff Policy. The SERC is required to determine tariff in a transparent way after hearing various stakeholders.

The cost of power to a consumer includes the overall bulk power purchase cost as well as transmission cost and the operational and financial performance of the Distribution Companies (DISCOMs) i.e. Aggregate Technical and Commercial (AT&C) losses, operational expenses, capital investment for system upgradation/augmentation, consumer profile, subsidy and cross subsidy etc. Accordingly, the tariffs vary between different DISCOM areas and also between different categories of the consumers, even within the same DISCOM area.

(b) & (c) : No, Sir.

(d) & (e) : As per the statistics published by the International Energy Agency, in the year 2006, the retail prices of electricity for industrial and household consumers in USA, Japan, China (Taipei), France and United Kingdom (UK) were as under:

Sl.No	Name of the Country	Industrial Consumers Price in US \$/ kWh	Price in Rs./ kWh#	Household Consumers Price in US \$/ kWh	Price in Rs./ kWh#
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1	USA	0.0549	2.25	0.0961	3.94
2	Japan	0.1272	5.21	0.1963	8.05
3	China (Taipei)	0.0512	2.10	0.0690	2.83
4	France	0.0483	1.98	0.1365	5.59
5	UK	0.1003	4.11	0.1580	6.47

Above conversion for comparison purposes has been done using an exchange rate of 1 US\$ = Rs.41.00.