

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2640
ANSWERED ON:12.03.2010
COMPENSATION TO SEBS
Sarvey Shri Sathyanarayana

Will the Minister of POWER be pleased to state:

- (a) whether the Government has compensated the State electricity boards (SEBs) which had to divert industrial power to the farm sector during the Eleventh Five Year Plan;
- (b) if so, the details thereof;
- (c) whether the demands for compensation from several State Governments in the country including Andhra Pradesh is pending with the Union Government;
- (d) if so, the details thereof; and
- (e) the time by which the State Governments are likely to be compensated?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a) to (e): Most of the States have restructured their State Electricity Boards (SEBs). However, Electricity Boards in the States of Bihar, Jharkhand, Punjab, Tamil Nadu, Meghalaya, Kerala and Himachal Pradesh are yet to be reorganized. Kerala and Himachal Pradesh have issued notification taking over the Electricity Boards as a step towards reorganizing their SEBs.

Electricity is in the concurrent list and management of State Electricity Boards are looked after by concerned State Governments. Decision to divert industrial power to farm sector or otherwise is taken by the individual SEB/State Government. Government of India has not directly compensated the Electricity Boards for diversion of Industrial power to the farm sector. As per available information, no request of any State Government is pending for any compensation regarding diversion of industrial power to the farm sector.

The provision of subsidy by State Government is addressed under section 65 of Electricity Act, 2003 and further by the Tariff Policy under Clause 8.2.1 (3). Sec. 65 of Electricity Act, 2003 provides that where the State Government requires the grant of any subsidy to any consumer or class of consumers, it shall pay in advance and in the manner as may be specified, the amount to compensate the person affected by the grant of subsidy in such manner as the State Commission may direct.