

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5729
ANSWERED ON:30.04.2010
THIRTEENTH FINANCE COMMISSION REPORT ON POWER
Kashinath Shri Taware Suresh

Will the Minister of POWER be pleased to state:

- (a) whether the Thirteenth Finance Commission has submitted its Report on power;
- (b) if so, the details thereof;
- (c) whether the Commission has recommended to increase Power Tariff in the country;
- (d) if so, the details thereof; and
- (e) the reaction of the Government thereto?

Answer

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

(a) & (b) : Yes, Madam. The Chapter I of the Report contains a summary of the recommendations on various issues including power sector. The Finance Commission has given its observations on power sector in paragraph 4.38 of Chapter IV. The observations of the Finance Commission are also contained in paragraph 7.105 to 7.107 of Chapter VII. The recommendations of the Finance Commission on power related issues are contained in paragraph 7.113 to 7.121 of Chapter VII.

(c) & (d) : The Finance Commission in Chapter IV under paragraph 4.38 has observed that, 'The power sector in most states is beset with high technical and commercial losses, irrational power tariffs and inefficient distribution and transmission infrastructure, resulting in huge losses.' The Commission in Chapter VII under paragraph 7.105

(iii) has further observed that, 'Absence of timely tariff increases has increased the gap and has impaired utility operations further. Some states have not raised tariffs for the past eight to nine years in spite of increasing deficits'.

(e) : Electricity is a concurrent subject. The Electricity Act, 2003 delineates the powers of the Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commissions (SERCs) clearly. Under the provision of the Act, the determination of power tariff is the statutory function of the CERC in respect of generating companies owned or controlled by the Central Government and to regulate the tariff of the generating companies having a composite scheme for generation and sale of electricity in more than one State. Determination of power tariffs of distribution licensees is the function of respective SERC.