

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:2981  
ANSWERED ON:30.03.2012  
NATIONAL ELECTRICITY FUND  
Sudhakaran Shri K.;Tomar Shri Narendra Singh

**Will the Minister of POWER be pleased to state:**

- (a) whether the Union Government proposes to introduce National Electricity Fund in the near future; and  
(b) if so, the details thereof and the objectives of the fund?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRI K.C. VENUGOPAL )

(a) & (b) : Yes, Madam. Cabinet Committee on Economic Affairs (CCEA) has approved the setting up of National Electricity Fund (Interest Subsidy Scheme) to provide interest subsidy aggregating to `8466Cr on loan disbursement amounting to `25,000Cr to the State Power Utilities- both in public and private sector, to improve the distribution network.

Under the scheme, interest subsidy is to be provided on loans taken by private and public power utilities in distribution sector for non-Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and non-Restructured Accelerated Power Development and Reforms Programme (R-APDRP) scheme. RGGVY, a flagship scheme of Government of India under implementation, targets provision of access of electricity in all rural areas whereas R-APDRP is for strengthening and up-gradation of distribution sector for reducing Aggregate Technical and Commercial (AT&C) losses in urban areas.

The preconditions for eligibility are linked to reform measures taken by the States and the amount of interest subsidy is linked to the progress achieved in reforms linked parameters. For financial assistance from NEF (Interest Subsidy) Scheme, the States have been categorized as `Special category and focused states`, and `States other than special category and focused states`. Government Order for the scheme has been issued. Rural Electrification Corporation (REC) is the Nodal Agency to operationalize the programme under the guidance of Steering Committee chaired by Secretary (Power), constituted for the scheme.