

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3903
ANSWERED ON:27.04.2012
COST OF SUPPLY OF ELECTRICITY
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Will the Minister of POWER be pleased to state:

- (a) whether the cost of supply of electricity has increased by 7.4% on an average annually in the last 5 years in the country;
- (b) if so, the details thereof;
- (c) whether the prices of electricity have been increased by 17% on an average annually in the last three years in the country;
- (d) if so, the details thereof;
- (e) whether the losses of the State Electricity Boards are not coming down even after the said price hike; and
- (f) if so, the details thereof along with the reasons therefor?

Answer

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

(a) & (b) : As per the 'Report on Performance of State Power Utilities' published by the Power Finance Corporation (PFC) based on the data given in the Annual Accounts of State Electricity Boards/unbundled utilities and Annual Resource Plans submitted to the Planning Commission by State Power Departments, the average cost of supply (ACS) of the utilities selling directly to consumers during the last five years is as under:

2005-06 2006-07 2007-08 2008-09 2009-10 CAGR

Average Cost of Supply 2.57 2.75 2.93 3.41 3.54 8.36%
(ACS) (Rs./kwh)

Compound Annual Growth Rate (CAGR) for annual cost of supply in the last five years is 8.36%.

(c) & (d): Increase in tariff of different categories of consumers in various states is not uniform hence cannot be quantified accurately. However, the Average Revenue Realized (ARR) which is one such indicator for increase in power tariff, calculated without subsidy on input energy basis as per the report published by the PFC is as under:

2007-08 2008-09 2009-10 CAGR

Average revenue realized 2.39 2.62 2.68 5.85%
(without subsidy) (Rs./kwh)

ARR (without subsidy) has increased with a CAGR of 5.85% over the period 2007-08 to 2009-10.

(e) & (f): The losses made by utilities selling directly to consumers during the past three years are as under:

Rs. In Crore

2007-08 2008-09 2009-10
Profit/(Loss) after tax (14,751) (22,607) (27,489)
on accrual basis

Profit/(Loss) on (17,620) (35,762) (42,415)
subsidy received basis

The main reasons for poor financial health of State Power Utilities include non-revision of tariff/inadequate tariff increase, non-payment of subsidy amount, high technical and commercial losses etc.