

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3413
ANSWERED ON:13.12.2012
NATIONAL ELECTRICITY FUND
Scindia Smt. Yashodhara Raje;Singh Shri Rakesh

Will the Minister of POWER be pleased to state:

- (a) whether any scheme has been launched to provide interest subsidy on loans raised from financial institutions through National Electricity Fund for the works to be carried out in distribution sector during financial years 2012-13 and 2013-14;
- (b) if so, the details thereof and the States benefited by the Scheme;
- (c) whether the Government has not provided any subsidy on loans taken by the power distribution companies of Madhya Pradesh from the Rural Electrification Corporation Limited for the purpose of feeder distribution scheme;
- (d) if so, the details thereof and the reasons therefor;
- (e) whether the Government proposes to provide the above subsidy on loans by incorporating the above scheme of the State in the National Electricity Fund; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER (SHRI JYOTIRADITYA M. SCINDIA)

(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 Rs.8466 Crores on loan disbursement amounting to Rs.25,000 Crores to the State Power Utilities both in public and private sector, to improve the distribution network.

For financial assistance from NEF (Interest Subsidy) Scheme, States have been categorized as `Special category and focused states`, and `States other than special category and focused States`. 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. The objective of the NEF scheme is to expedite investment in distribution sector to improve infrastructure and to incentivize the reform process in the sector. Projects under the scheme received from States are yet to be sanctioned.

(c) to (f) : Government of Madhya Pradesh has requested the Ministry to consider the interest subsidy on the disbursements of loans by Rural Electrification Corporation Limited (REC) during the years 2012-13 and 2013-14 for the purpose of feeder distribution scheme of Madhya Pradesh.

NEF Guidelines stipulate that projects sanctioned by lenders shall be considered by Steering Committee during FY 2012-13 and FY 2013-14 provided no disbursement has been made by the lender under these projects prior to submission of proposal to the Steering Committee. Feeder distribution schemes of Madhya Pradesh were sanctioned in FY 2010-11 and disbursements of the fund for schemes have also started. Accordingly, these Schemes of Madhya Pradesh are not eligible under NEF.