

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1635  
ANSWERED ON:07.03.2013  
PROVISION OF ELECTRICITY AT ECONOMICAL RATE  
Rajaram Shri Wakchaure Bhausahb

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

- (a) whether the Union Government has taken/proposes to take any steps to bring improvement in the power sector and provide electricity at economical rates to the consumers in view of the ever increasing power tariff and its negative impact on the economic development;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**Answer**

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

(a) to (c) The Electricity Act, 2003 has consolidated the laws relating to generation, transmission, distribution, trading and use of electricity and for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies etc. and for matters incidental thereto.

With a view to bringing improvement in the power sector and to provide electricity at economical rates to the consumers, following important steps have been taken by the Union Government:-

(i) National Electricity Policy was notified in 2005 under the Electricity Act 2003 addressing the issues of Rural Electrification, Generation, Transmission, Distribution, recovery of cost of services and targeted subsidies, technology development and Research & Development (R&D), competition aimed at consumer benefits, financing power sector programmes including private sector participation, energy conservation, environmental issues, training and human resource development, co-generation and non-conventional energy sources and protection of consumer interests and quality standards.

(ii) Tariff Policy was notified in 2006 with the objective of ensuring availability of electricity to consumers at reasonable and competitive rates; ensuring financial viability of the sector and to attract investments; promoting transparency, consistency and predictability in regulatory approaches across jurisdictions and to minimize perceptions of regulatory risks; promoting competition, efficiency in operations and improvement in quality of supply.

(iii) Guidelines and Standard Bidding Documents issued for determination of tariff by bidding process for procurement of power by distribution licensees and for transmission projects.

(iv) Further, the Rural Electricity Policy, National Electricity Plan, Hydro Power Policy have also been notified.

In addition to above, the Union Government has also taken the following measures for improvement in the power sector:-

(a) Distribution reforms through APDRP and R-APDRP schemes were launched. Further, National Electricity Fund (NEF) Scheme has been approved to provide reforms-linked interest subsidy to the public and private power utilities for improvement in their distribution network.

(b) A scheme for Financial restructuring of Discoms has been approved recently (October, 2012) with objective to enable the State Governments and the Discoms to carve out a strategy for the financial turnaround of the distribution companies in the State power sector which will be enabled by the lenders agreeing to restructure/reschedule the existing short-term debt.