

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:230

ANSWERED ON:06.02.2014

POWER TARIFF

Abdulrahman Shri ;Rajendran Shri C.

Will the Minister of POWER be pleased to state:

- (a) the norms/criteria laid down by the Government to fix power tariff in the country;
- (b) whether the power tariff in the country particularly that being charged by the private power distribution companies is much higher as compared to the tariff in other developing/developed countries;
- (c) if so, the details thereof along with the reasons therefor; and
- (d) the steps taken/being taken by the Government to rationalise the power tariff?

Answer

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

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 230 TO BE ANSWERED IN THE LOK SABHA ON 06.02.2014 REGARDING POWER TARIFF.

(a) : Tariff is determined under Sections 61 to 64 of the Electricity Act, 2003 by the appropriate Regulatory Commission in line with the provisions of the Act and the policies made thereunder. Whereas the tariff for generation and transmission companies owned or controlled by Central Government is regulated by the Central Electricity Regulatory Commission, the tariff for generation, supply and transmission within the State is determined by the State Regulatory Commissions. Similarly, the State/Joint Electricity Regulatory Commissions (SERCs/JERCs) notify the terms and conditions of tariff fixation from time to time for both public and private distribution licensees. Section 61 of the Act provides for guiding principles which the Appropriate Commission is required to consider for specifying the terms and conditions of tariff. The relevant provisions of Section 61 are at Annex-I. As per Section 61

(i), the Regulatory Commissions are also guided by the Tariff Policy notified by the Central Government while specifying the terms and conditions of tariff.

(b) & (c) : A statement indicating price of electricity for households and industry in some of the countries is at Annex-II. The details of average cost of supply in India, as indicated in the report of the Power Finance Corporation on Performance of State Power Utilities, are at Annex-III. As is evident, the average cost of power supply in India is not more than that in most of the other countries.

(d) : Tariff of distribution companies are determined by the SERCs/JERCs based on the principles enunciated under the Electricity Act, 2003 and policies framed thereunder. There is no provision for direct regulation of the electricity tariff by the Government. However, through appropriate policy framework and programmes, the Government is promoting efficiency in generation, transmission and distribution business as also supporting strengthening of the distribution infrastructure, with a view to reducing the Aggregate Technical and Commercial (AT&C) losses. These measures, along with the Government's emphasis on discovery of tariff through competitive bidding, contribute towards lowering of tariff rates.