

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:2516  
ANSWERED ON:06.02.2014  
PROFIT OF POWER PRODUCERS  
Choudhry Smt. Shruti

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

- (a) whether the Government has failed to protect consumers from higher power tariffs inspite of the huge profit margins earned by the power producers;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the private power producers, which have access to coal linkage from the Government or having captive coal blocks that guarantee them coal at prices lower than the international market rates, have earned huge profits during the last three years as compared to the Government power producers; and
- (d) if so, the comparative details thereof?

**Answer**

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

(a) & (b): The Electricity Act, 2003 empowers the appropriate Commission to fix tariff in accordance with the provisions of the Act and in particular with reference to guiding principles stipulated under Section 61 of the Act.

The Central Commission is responsible for determination of tariff of Central Government owned generating companies, other generating companies having composite scheme of generation and sale in more than one State, and for inter-state transmission licensees. In pursuance of the provisions of the Act and with due regard to the guiding principles under Section 61 of the Act, the Central Commission specifies Multi Year Tariff principles inter-alia balancing the interest of consumers while at the same time ensuring recovery of the cost of electricity in a reasonable manner. The Commission follows cost plus approach of tariff regulation whereby prudent cost and a reasonable return are allowed to be recovered through tariff. Through various financial and operations norms, the Commission also induces efficiency in operation of the generating plants and the transmission systems. For protecting the interest of consumers enabling provisions have been provided in the Electricity Act, 2003 and policies made thereunder.

(c) & (d) : As per Power Finance Corporation (PFC) report on 'Performance of State Power Utilities for the years 2009-10 to 2011-12' which has been finalized and submitted to Ministry of Power, Profit after tax (on accrual basis) and Return on Net Worth (RoNW) for utilities covered in the Report engaged only in Generation business are as follows:

	2009-10	2010-11	2011-12
Profit after tax on accrual basis (Rs.Crores)	932	1,543	1,993
RoNW (%)	2.18	3.29	3.75

Utility-wise details of Profit after tax (on accrual basis) and Return on Net Worth (RoNW) are given in Annex. No record of the accounts of private power companies is maintained by the Ministry of Power.