

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4640
ANSWERED ON:18.12.2009
SUBSIDY TO POWER SECTOR
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Will the Minister of FINANCE be pleased to state:

- (a) the details of subsidy given to power sector by the Government;
- (b) whether the Government is putting an end to the subsidy regime in the energy sector and de-controlling prices;
- (c) if so, the details thereof; and
- (d) details of consultations made, if any, with various stakeholders including the poor in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) The National Electricity Policy has envisaged that the consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. The information supplied by the Central Electricity Authority has indicated that as per the Reports of Power Finance Corporation Ltd, the subsidy booked by the utilities selling directly to consumers and the subsidy received by them in the last three years are as under:

Details	2005-06	2006-07	2007-08
Subsidy booked (Rs. crore)	12,233	13590	19379
Subsidy received (Rs. crore)	10938	12836	16303

Source: Power Finance Corporation Ltd

(b to d) The National Common Minimum Programme of the UPA Government in 2004 mandated the targeting of all subsidies, including on petroleum products, to the poor and truly needy sections of the society. In pursuance of this mandate, Government had submitted a report on subsidies to the Parliament on December 23, 2004. Discussions were held with stakeholders in May 2005 and comments of public were invited in June 2005. Having regard to the needs of poorer sections, the levels of prices and the subsidy outgo, some specific announcements relating to major budgetary subsidies were indicated in the Budget for 2009-10, which, inter alia, included the intention of the Government to set up an expert group to advise on a viable and sustainable system of pricing of petroleum products.