

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.2208
TO BE ANSWERED ON 08.03.2018**

CROSS SUBSIDY OF TARIFFS

**†2208. SHRI SHRIRANG APPA BARNE:
DR. SHRIKANT EKNATH SHINDE:
SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI VINAYAK BHAURAO RAUT:
DR. PRITAM GOPINATH MUNDE:
SHRI DHARMENDRA YADAV:**

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

- (a) whether the National Tariff Policy, 2016, specifies that State Electricity Regulatory Commission should lay a roadmap to align tariffs with +20% of the average cost of supply and if so, the details thereof;**
- (b) whether some State Governments have kept the cross-subsidy at the highest level;**
- (c) if so, the details thereof and the reasons therefor, State-wise;**
- (d) whether the Union Government is planning to cap cross-subsidy-additional tariffs paid by industrial and commercial consumers to subsidies households and farmers;**
- (e) if so, the facts thereof and the percentage proposed therefor; and**
- (f) whether this move of the Union Government will dampen the receipts of cash-strapped electricity distribution companies and if so, the facts in this regard and the reaction of the Union Government thereto?**

A N S W E R

**THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER AND
NEW & RENEWABLE ENERGY**

(SHRI R. K. SINGH)

(a) to (f) : The Tariff Policy, 2016 provides for Appropriate Commission to notify a roadmap in such a way that tariffs are brought within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. If any State Government desires to give subsidy to any category of consumers, they may do so through Direct Benefit Transfer. The reduction of cross-subsidy will not lead to any reduction in receipt of the Electricity Distribution Companies. The receipt of the Electricity Distribution Companies will increase if they reduce their transmission and distribution losses and take steps to reduce theft of Electricity. It is also necessary that where State Governments announce any subsidy or free electricity for any category of consumers, the amount required for the subsidy is paid by State Government to the Discom as provided in the Electricity Act.
