

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.4144
ANSWERED ON 30.03.2026

**COMPARISON OF INDUSTRIAL ELECTRICITY TARIFFS IN INDIA WITH MAJOR
COMPETING ECONOMIES**

4144 DR. KANIMOZHI NVN SOMU:

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

- (a) whether Government has conducted any comparison of industrial electricity tariffs in the country with major competing economies;
- (b) the main factors contributing to higher tariffs in the country; and
- (c) Government's roadmap to enhance competitiveness of Indian Industry through lower energy costs?

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a): No specific study has been conducted to compare the industrial electricity tariffs in India with major competing economies.

(b): As per the provisions of the Electricity Act, 2003, the Appropriate Electricity Regulatory Commission determines the electricity tariff for supply of electricity by a generating company to a distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. Section 61 of the Electricity Act, 2003 and the tariff policy provide the guiding principles for determination of tariff by the Appropriate Commission.

Industrial electricity tariffs in India are influenced by multiple factors, including the cost of power generation based on the fuel mix (coal, gas, renewable energy), transmission and distribution costs, and technical and commercial losses in the system. In addition, cross-subsidization of tariffs, wherein industrial and commercial consumers subsidize agricultural and domestic consumers, contributes to relatively higher tariffs for industry.

(c): The Government has undertaken several measures to enhance the competitiveness of Indian industry through lower electricity costs, as mentioned below:

- (i) Liberalized framework for captive power generation by industries.
- (ii) Facilitating open access with availability of adequate transmission capacity and rationalization of open access charges.
- (iii) Issuance of guidelines for tariff based bidding process for procurement of electricity under Section 63 of Electricity Act, 2003 to promote competitive procurement of electricity by distribution licensees.

- (iv) Setting up of Power Exchanges to ensure fair, neutral, efficient and robust electricity price discovery.
- (v) The operationalisation of National Merit Order Dispatch with the objective of lowering the cost of electricity to consumers.
- (vi) Reduction of Aggregate Technical & Commercial (AT&C) losses under RDSS to improve the finances of the utilities, which will enable them to better maintain the system and buy power as per requirements; benefitting the consumers.
- (vii) Introduction of flexibility in utilization of domestic coal by State/Central Generation Companies (GENCOs).
- (viii) Rationalization of linkage sources of State/Central Generating Companies (GENCOs) and Independent Power Producers (IPPs) with a view to optimize transportation cost.
- (ix) Draft Electricity (Amendment) Bill, 2025 and Draft National Electricity Policy, 2026 propose the elimination of cross-subsidy for manufacturing industries, railways and metro railways within 5 years of the promulgation of the Amendment Act.
