

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.2584
TO BE ANSWERED ON 27.12.2018**

CROSS SUBSIDY CHARGES

2584. SHRI M. CHANDRAKASI:

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

- (a) whether cross-subsidy is being charged on power consumers in different States/UTs and if so, the details thereof;**
- (b) whether the Government proposes to address the cross-subsidy charged on large power consumers and if so, the details thereof; and**
- (c) the details of long term plans, if any, to remove cross-subsidy system in the country?**

A N S W E R

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

(SHRI R. K. SINGH)

(a) to (c) : Cross subsidy in consumer electricity tariff is a mechanism where the tariff for one class of consumers is higher than average cost of supply and they cross subsidise another class of consumer whose tariff is less than the cost of supply. Thus, there is no separate Cross Subsidy charge as such in the retail electricity tariff.

Tariff Policy 2016 issued by the Central Government provides that for achieving the objective that the tariff progressively reflects the cost of supply of electricity. The cross subsidy is to be brought within $\pm 20\%$ of the average cost of supply. The level of cross subsidies in retail tariff varies from State to State as decided by the respective State Electricity Regulatory Commissions.
