

**GOVERNMENT OF INDIA  
MINISTRY OF POWER  
LOK SABHA  
STARRED QUESTION NO.220  
ANSWERED ON 03.08.2023**

**MEASURES TO IMPROVE FINANCIAL HEALTH OF DISCOMs**

**\*220. SHRI MARGANI BHARAT:**

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

- (a) whether the Government proposes to take measures to reduce cross-subsidy while bringing more transparency therein to improve the financial health of DISCOMs;**
- (b) if so, the details thereof and if not, the reasons therefor;**
- (c) whether the Government proposes to examine the adoption of a system wherein the base tariff is the 'Average Cost of Supply' for all the categories; and**
- (d) if so, the details thereof and if not, the reasons therefor?**

**A N S W E R**

**THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY**

**(SHRI R.K. SINGH)**

**(a) to (d) : A Statement is laid on the Table of the House.**

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## **STATEMENT**

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) IN RESPECT OF LOK SABHA STARRED QUESTION NO. 220 FOR REPLY ON 03.08.2023 REGARDING MEASURES TO IMPROVE FINANCIAL HEALTH OF DISCOMS ASKED BY SHRI MARGANI BHARAT.**

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**(a) & (b) : Tariff for retail supply of electricity to all consumers, including large consumers, is determined by the respective State Electricity Regulatory Commissions (SERCs). As per the provisions under the Electricity Act, 2003, the SERCs while determining the tariffs are guided by the Tariff Policy provisions. The National Tariff Policy, 2016 issued by Central Government provides for achieving the objective that the tariff progressively reflects the cost of supply of electricity and should reflect gradual reduction in cross subsidy.**

**Government of India has made several interventions to improve financial and operational efficiencies of DISCOMs linked to reform measures including Liquidity Infusion Scheme (LIS); Additional Borrowing space of 0.5% of GSDP to States linked to power sector reforms; introducing additional prudential norms for lending by Power Finance Corporation (PFC) Limited and REC Limited; and Revamped Distribution Sector Scheme (RDSS). Fund admissibility to States and DISCOMs in all these measures will be conditional on their taking steps to improve their operational and financial efficiencies. These initiatives have been designed to tackle financial and operational issues to bring in desired financial discipline in Discoms and State Governments.**

**(c) & (d) : As explained above in reply (a) and (b), tariff for retail supply of electricity to all consumers is determined by the respective State Electricity Regulatory Commissions (SERCs) and the Tariff Policy aims at progressively reducing the gap between tariff and average cost of supply.**

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