

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
UNSTARRED QUESTION NO.801
ANSWERED ON 07.12.2023**

SUBSIDY ON ELECTRICITY

801. SHRI RITESH PANDEY:

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

- (a) whether the Government is aware of the increasing losses of DISCOMs which surged to 66 per cent in financial year 2021 despite reform programmes and financial restructuring packages over the last two decades;**
- (b) if so, the details thereof and if not, the reasons therefor;**
- (c) the quantum of electricity subsidy provided to the consumers along with the number of beneficiaries and the quantum of losses incurred by the electricity distribution companies during the last five years;**
- (d) whether the Government proposes to phase out electricity subsidy by reducing the cost of power through power dispatch from less-polluting thermal power plants, if so, the details thereof and if not, the reasons therefor; and**
- (e) whether the Government also proposes to bring 'one nation-one power tariff' policy to ensure uniform electricity rates across the country, 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): The losses of the DISCOMs have reduced substantially and the power sector has become viable because of a number of steps taken by the Government. These include:

- (i) Putting in place Rules to ensure payment for any subsidy declared by Government in time.**
- (ii) Ensure that the tariffs are up to date.**
- (iii) Reducing the Late Payment Surcharge.**
- (iv) Ensuring that the GENCOs are paid on time.**
- (v) Ensuring Energy Accounting and Energy Audit.**

- (vi) Putting in place revised prudential norms providing that no DISCOM or GENCO of a State Government will be able to get loans from PFC/REC if the DISCOM is making a loss, unless the DISCOM, with the approval of the State Government, works out a plan for loss reduction and files it with the Central Government, and adheres to that loss reduction trajectories.**
- (vii) Put in place an incentive of an additional borrowing space of 0.5% of GDP if the DISCOM puts in place loss reduction measures.**
- (viii) Provided for covered wire in high loss areas under DDUGJY and IPDS.**
- (ix) Provided that loss making DISCOMs will not be able to draw funds under any Power Sector Scheme of Government of India unless they put in place measures for loss reduction.**

As a result of the above, the AT&C losses – which were 21.61% in FY17-18 have come down to 16.42% in FY21-22.

(e): As per the provisions of the Electricity Act, 2003, the State Electricity Regulatory Commission determines the electricity tariff for retail sale of electricity to end consumers. Section 61 of the Electricity Act, 2003 and the Tariff Policy provide the guiding principles for determination of tariff.

At present there is no proposal to implement uniform electricity pricing throughout the country. However, Government is promoting competition through Power Exchanges. Uniform tariff is discovered on the Power Exchange for a specific time block of the day. Accordingly, to this extent, for the power procured by the distribution utilities from Power Exchanges the price of electricity remains uniform, except in case of market splitting.
