

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
UNSTARRED QUESTION NO. 893
ANSWERED ON 02.12.2021**

PRICE HIKE OF ELECTRICITY

893. SHRI N.K. PREMACHANDRAN:

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

(a) whether the Government proposes to prevent the price hike of electricity considering the difficulties faced by the people during the Covid-19 pandemic and if so, the details thereof;

(b) whether the Government proposes to restrict the expense of the institutions controlling the generation and distribution of electricity so as to control the price hike of power and if so, the details thereof;

(c) whether the Government proposes to fix a nation- wide reasonable tariff for electricity and if so, the details there of;

(d) whether the Government proposes to control the price hike of electricity on account of hike in administrative expense of electricity boards and companies in control of generation and distribution of electricity and if so, the details thereof; and

(e) whether the Government proposes to seek report from Kerala State Electricity Board about the reason for price hike of electricity and if so, the details thereof?

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) : A series of steps taken by the Government of India has helped to arrest the price hike of electricity in recent past. Such steps, inter-alia are:

- i. The Government of India decided to make an infusion of liquidity of Rs. 1,35,000 crore through Power Finance Corporation (PFC) Ltd. and Rural Electrification Corporation (REC) Ltd. as a part of the Aatmanirbhar Bharat Abhiyan. Under this intervention, REC and PFC extended special long term transition loans up to 10 years to Discoms. As on 07.10.2021, PFC & REC have sanctioned Rs 1,35,537 crore and disbursed Rs 1,01,324 crore to various Power Discoms. This has reduced the**

burden of Late Payment Surcharge of Discoms.

- ii. **CERC, in accordance with the directions issued by the Government of India under section 107 of the Act, had issued an order to the effect that if any delayed payment by the DISCOMs to the generating companies and inter-state transmission licensees beyond 45 days from the date of the presentation of the bills falls between 24.03.2020 and 30.06.2020, the concerned distribution companies shall make the payment with LPS at the reduced rate of 12% per annum.**

- iii. **Further, in order to alleviate the financial stress on the DISCOMs, Government has advised the Generating companies and Transmission companies to charge Late Payment Surcharge at a rate not exceeding 1% per month for all payments made under the Liquidity Infusion Scheme of PFC and REC under Aatmanirbhar Bharat Abhiyan.**

- iv. **The Electricity (Late Payment Surcharge) Rules, 2021 notified on 22.02.2021 has reduced the rate of Late Payment Surcharge. This will reduce the financial burden of Discoms.**

- v. **Discoms have also been permitted to exit from the Power Purchase Agreement of Central Generating Stations which have completed 25 years. This will reduce the power purchase cost of the Discoms.**

(b) to (d): As per the Electricity Act, 2003 the tariff determination is the domain of the Appropriate Commission which carries out prudence checks on the expenditure of regulated generating companies, transmission licensees and distribution licensees while approving the expenses. In the tariff regulation of the Appropriate Commission the administrative expenses are considered as part of OM costs- which are fixed keeping in view prudence norms.

(e): As reported by Kerala State Electricity Board Limited (KSEBL), they have not filed any tariff revision proposal before the State Commission as on date.