

**GOVERNMENT OF INDIA  
MINISTRY OF POWER  
LOK SABHA  
UNSTARRED QUESTION NO.2671  
ANSWERED ON 17.03.2022  
TARIFF HIKE BY DISCOMS**

**2671. SHRI ASADUDDIN OWAISI:**

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

- (a) whether the Government has asked electricity distribution companies (DISCOMs) to hike tariffs timely and adequately to cover their rising costs;**
- (b) if so, the details thereof;**
- (c) whether this direction by the Government to DISCOMs is likely to hit hard the consumers who are already reeling under high fuel prices;**
- (d) if so, the number of States who have issued tariff orders during 2021-22;**
- (e) the details of extent to which DISCOMs are facing cash crunch due to non-payment by States who are offering subsidies on power bills, poor billing and collection inefficiency; and**
- (f) the steps taken or being taken by the Union Government to ensure that consumers are not hit hard due to this direction and persuade States to pay their dues in time?**

**A N S W E R**

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

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

**(a) to (c) : As per the Electricity Act 2003, the tariff for consumers are determined by State Electricity Regulatory Commissions and not by the Central Government. As per section 65 of the Electricity Act, the State Governments may give subsidy to any category of consumers by paying the subsidy amount in advance to distribution companies. Sections 61, 62 and 64 of the Electricity Act, 2003 provide for Tariff Regulations, Determination of Tariff and Procedure for tariff order respectively. The Electricity Act provides that the tariff for the retail sale of electricity should reflect the cost of supply. However, some of the States have wide gap between Average Cost of Supply and the Average Revenue Realized. A few State Commissions have been laggard in issue of timely tariff orders, issue of timely true-up orders, and multi-year tariff orders. Such a situation has led to the tariff not being cost reflective affecting the viability of distribution companies and also adversely affecting other companies in the value chain as generation and transmission companies.**

**Central Government has requested the State Commissions (i) to determine cost-reflective tariffs, and (ii) to issue tariff orders and true-up orders on a timely basis, in accordance with the provisions of the Electricity Act, 2003. If the State Government wants to keep the tariff low they may give whatever subsidy they deem fit.**

**(d) & (e) : Only 16 States/UTs have timely issued Retail Tariff order for FY 2021-22 i.e by 31.03.2021. Till date 29 States/UTs have issued Retail Tariff Orders for FY 2021-22. The details of ACS-ARR gap, subsidies, billing and collection efficiency are given at Annexure-I.**

**(f) : The following measures have been taken by Government of India to ensure financial viability of the Power Discoms:**

**1. As on 31.12.2021, the Government of India under Liquidity Infusion Scheme, Rural Electrification Corporation (REC) & Power Finance Corporation (PFC) have sanctioned Rs.1.35 lakh crore and disbursed Rs.1.03 lakh crore.**

**2. In order to alleviate the financial stress on the Discoms, Ministry of Power on 20.08.2020 advised the generating companies and transmission companies to levy 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 Atmanirbhar Bharat.**

**3. The Government of India has allowed Distribution Companies to exit Power Purchase Agreements (PPAs) in cases of power plants which have completed 25 years from the date of commissioning (CoD) to reduce the Discoms burden of fixed costs. The introduction of Renewable Energy Bundling Mechanism for replacing thermal/hydro power, Green Day Ahead Market (GDAM) and Green Term Ahead Market (GTAM) are expected to help the Discoms in reducing their dues.**

**4. A Reforms-based and Results-linked, Revamped Distribution Sector Scheme having an outlay of Rs.3,03,758 crore with an estimated Gross Budgetary Support (GBS) from Central Government of Rs.97,631 crore has been launched. The scheme aims to reduce the AT&C losses at pan-India levels to 12-15% and ACS-ARR gap to zero by 2024-25. The release of funds under the scheme has been linked to Results and Reforms. The scheme allows States to adopt customized reform measures and plan infrastructure works to meet specific needs of the State with the approval of Government of India.**

**5. The Fifteenth Finance Commission (XV-FC) has recommended additional borrowing space of 0.50 per cent of Gross State Domestic Product (GSDP) to States for reforms undertaken by them in Power Sector from FY 2021-22 to FY 2024-25. States would be able to avail additional borrowings subject to fulfilment of entry conditions and evaluation criteria laid down by Ministry of Finance.**

**The entry level conditions among others include timely filing of tariff/ true-up petitions, issuance & implementation of tariff/ true-up orders, advance payment of subsidy by State Government in line with section 65 of the Electricity Act 2003; preparation of energy accounts on quarterly basis; compliance with LC mechanism etc. The evaluation under the scheme will be based on adoption of reform measures such as improvement in percentage of metered electricity consumption; percentage of subsidy payment through DBT; Reduction in AT&C Losses, ACS-ARR gaps and Cross Subsidy; timely payment of electricity bills by Government departments; putting Government offices on prepaid mode; and induction of innovative technologies.**

**6. The Central Government also supplements the efforts of the States through its various schemes including Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS) and Ujjwal Discom Assurance Yojana (UDAY) and Power System Development Fund (PSDF) to help them to achieve the objective of providing uninterrupted power supply to all households. The details are at Annexure-II.**

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**ANNEXURE-I****ANNEXURE REFERRED TO IN REPLY TO PARTS (d) & (e) OF UNSTARRED QUESTION NO. 2671 ANSWERED IN THE LOK SABHA ON 17.03.2022**

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As per the PFC annual publication 'Report on Performance of Power Utilities' for the years 2017-18 to 2019-20, ACS-ARR Gap on Tariff Subsidy received basis (excluding Regulatory Income and UDAY Grant) along with ACS and ARR as per report are given below:

<b>National Level Figures</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>ACS (Rs./KWh)</b>	<b>5.50</b>	<b>6.00</b>	<b>6.15</b>
<b>ARR on Tariff Subsidy received basis (excluding Regulatory Income and UDAY Grant) (Rs/KWh)</b>	<b>4.99</b>	<b>5.31</b>	<b>5.55</b>
<b>ACS-ARR Gap on Tariff Subsidy received basis (excluding Regulatory Income and UDAY Grant) (Rs./KWh)</b>	<b>0.50</b>	<b>0.70</b>	<b>0.60</b>

Details of Tariff Subsidy Billed (Rs. Cr.) and Tariff Subsidy Received (Rs. Cr.) are given below:

<b>National Level Figures</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Tariff Subsidy Billed (Rs. Cr.)</b>	<b>92,547</b>	<b>1,10,989</b>	<b>1,19,921</b>
<b>Tariff Subsidy Received (Rs. Cr.)</b>	<b>88,189</b>	<b>99,013</b>	<b>1,13,500</b>

Details of Billing Efficiency, Collection Efficiency and AT&C Loss as per report are given below:

<b>National Level Figures</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Billing Efficiency (%)</b>	<b>83.07</b>	<b>83.91</b>	<b>85.36</b>
<b>Collection Efficiency (%)</b>	<b>94.50</b>	<b>93.26</b>	<b>92.64</b>
<b>AT&amp;C Losses (%)</b>	<b>21.50</b>	<b>21.74</b>	<b>20.93</b>

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**ANNEXURE-II****ANNEXURE REFERRED TO IN REPLY TO PART (f) OF UNSTARRED QUESTION NO. 2671 ANSWERED IN THE LOK SABHA ON 17.03.2022**

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**Rs. in crore**

<b>Scheme</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022 (up to 30.06.2021)</b>
	<b>Grant Released</b>	<b>Grant Released</b>	<b>Grant Released</b>
<b>DDUGJY</b>	<b>5767</b>	<b>4511</b>	<b>2544</b>
<b>IPDS</b>	<b>4600</b>	<b>3210</b>	<b>1255</b>
<b>Saubhagya</b>	<b>696</b>	<b>448</b>	<b>431</b>
<b>PSDF</b>	<b>555.32</b>	<b>821.42</b>	<b>432.20</b>

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