

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
UNSTARRED QUESTION NO.2013
ANSWERED ON 28.07.2022**

INCREASING POWER TARIFFS

†2013. SHRI SADASHIV KISAN LOKHANDE:

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

- (a) whether the Government is aware of adverse effects of continuous increase in the power tariffs on the agriculture sector and to the common man;**
- (b) if so, the details thereof;**
- (c) whether the Government has taken any concrete steps to resolve the said problem; 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): As per the Electricity Act 2003, the tariff for different categories of consumers are determined by State Electricity Regulatory Commissions/Joint Electricity Regulatory Commissions in accordance with the Electricity Act, 2003. However, the State Governments can give subsidy to any class of consumers, to the extent they consider appropriate, as per the provisions of section 65 of the Electricity Act, 2003. Tariff to a class of consumers can also be moderated by way of cross subsidies. The Tariff Policy, 2016 allows cross subsidies to be such that tariffs are within $\pm 20\%$ of the average cost of supply.

Government of India have taken the following steps to reduce the cost of power generation and resultant reduction in cost of electricity to consumers:

- (i) The Government in May, 2016 allowed flexibility in utilization of domestic coal by State/Central Gencos amongst their generating stations to reduce the cost of power generation by allocating more coal to their most efficient plants as well as by saving in transportation cost. The States may also transfer their linkage coal to IPPs selected through bidding process and take equivalent power.**
- (ii) Rationalization of linkage sources of State/Central Gencos and IPPs with a view to optimize transportation cost has been allowed.**
- (iii) The Government has introduced the SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)-2017 Scheme to provide coal linkages to the power plants which do not have linkage, thus helping the generators to get cheaper coal and thereby reduction in cost of generation.**
- (iv) A Merit Order Despatch System has been put in place for Inter State Generating Stations under which electricity from more efficient/lower cost plant are despatched first.**
