

STEPS TAKEN BY THE GOVERNMENT TO ARREST THE PRICE HIKE OF ELECTRICITY

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

A series of steps taken by the Government of India has helped to arrest the price hike of electricity in recent past. Such steps include

(i) Government of India announced a Liquidity Infusion Scheme (LIS) 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 are extending special long term transition loans up to 10 years to Discoms. As on 07.12.2021, PFC & REC have disbursed Rs.1,03,387 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 Electricity Act, 2003, 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) The Electricity (Late Payment Surcharge) Rules, 2021 notified on 22.02.2021 have reduced the rate of Late Payment Surcharge. This will reduce the financial burden of Discoms.

(iv) 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.

This information was given by Shri R. K Singh, Union Minister for Power and New and Renewable Energy in a written reply in Lok Sabha today.

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