BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

6th September, 2002

CORAM : Justice S.D. Dave, Chairman
Shri B.M. Oza, Member
Shri R.K. Sharma, Member

PETIOTION NO. 81/2002

ORDER

1. This petition has been taken out by the Government of Gujarat. The Prayer Clause contains the request to the Commission to permit to continue for the agricultural consumers the HP based tariff prior to 10.10.2000 for a further period upto 30th November, 2002, approving the action of the Government to continue to charge 50 paise per unit (including the electricity duty) from those who file option for the installation of energy meters upto 30th November, 2002 and to charge normal tariff prescribed by the Commission in respect of those who do not file such option before the appointed date.

2. In the course of hearing, learned Counsel Mr Premal Joshi appeared on behalf of the Government of Gujarat and Mr P.R. Mehta, General Manager (Commerce) on behalf of the GEB. Shri Kanubhai Patel appeared on behalf of Bhartiya Kisan Sangh.

3. Although the Prayer Clause mentions about the different rates of tariff to be charged by the GEB, in essence, there is no prayer for revision

of tariff rates. The lower rates are being charged from the consumers after taking into account the subsidy which is to be provided by the State Government. This is therefore, essentially a petition u/s. 29(5) of the Electricity Regulatory Commissions Act, 1998 for determination of procedure for payment of subsidy by the State Government to GEB.

4. After the Commission approved the tariff order for the GEB on 10.10.2000 and the review thereof on 22.12.2000 the State Government had soon approached the Commission with a prayer to lay down appropriate procedure for grant of subsidy to the GEB in order to enable them to continue to charge the pre-revised rates from the agricultural consumers initially for a period from 10.10.2000 to 31.3.2001. This period has been subsequently extended by the subsequent petitions filed by the Government and the orders passed by us. As mentioned in the petition the total amount paid to GEB towards the claim for this subsidy upto 31.3.2002 is as follows :

1	Subsidy for the period from 10.10.2000 to 31.3.2001	Rs. 331.35 Crs.
2	Subsidy for the period from 1.4.2001 to 31.1.2002	Rs. 552.36 Crs.
3	Subsidy for the period from 1.2.2002 to 31.3.2002	Rs. 109.95 Crs.
	Total	**Rs. 993.66 Crs.**

5 Now by the present petition the Government proposes to continue payment of this subsidy for a further period from 1.4.2002 to 30.11.2002.

6. The State Government has mentioned that due to frequent communal riots in the State the economic growth has been severely hampered. In addition to inadequate rain, the farmers continue to face shortage of water and constrain in resources. It is on account of these reasons that the State Government has decided to continue the payment of subsidy as has been done so far. In their written submission as well as in the course of hearing the Bhartiya Kisan Sangh, supported the plea advanced by the Government

7 As mentioned by us in para 3 above, this is essentially an issue relating to laying down the procedure for payment of subsidy in terms of Sec. 29(5) of the Electricity Regulatory Commissions Act, 1998. In the orders passed on 20.1.2001 we had laid down detailed procedure for payment of subsidy after consulting all the parties. This procedure was continued in our subsequent orders on 17.7.2001 and 11.2.2002. We find that since the measures now proposed to be taken are similar to those proposed by the State Government on two earlier occasions, there is no need to make any change in the procedure to be followed as regards the manner of payment of subsidy.

8. In the course of hearing it was mentioned on behalf of GEB that the payment of subsidy has not been made to them on the ground that there was no budget provision. It was their contention that the payment can now be made to them from the provisions made for agricultural subsidy of Rs.1100 crores and subsequently adjusted against this payment when fresh provision is made in regard to the present subsidy. It was mentioned on behalf of the State Government that the provision for two subsidies was made

differently in the budget and that it was difficult to make any kind of payment from a different provision. As mentioned above, the amount on subsidy is sizeable amount which has consequential impact on the liquidity position of GEB. We would, therefore, suggest that the Energy & Petrochemicals Department should initiate appropriate measures to ensure that the payment is made to GEB without any delay so that the Board's financial position is not adversely affected. Barring this, we were informed that there was no problem in implementing the procedure already laid down by the Commission.

9. In the above circumstances we order that the payment of subsidy to GEB arising as a result of the above stated measures of Govt. of Gujarat would be governed by the same procedure as was laid down by the Commission in para 12 of our order dated 20.1.2001. As ordered by us in para 13 of the above stated order we also direct that the payment on account of this subsidy should be made by the Government in cash and not by way of accounting adjustment against any other dues payable by the GEB to the Government.

10. With these orders, the petition is disposed off.

Sd/-	Sd/-	Sd/-
(JUSTICE S.D. DAVE)	**(B.M. OZA)**	**(R.K. SHARMA)**
CHAIRMAN	**MEMBER**	**MEMBER**

Place : Ahmedabad
Date : 6th September, 2002