Ref : G/11/100/A

May 22, 2015

Shri Devendra Fadnavis,
Hon'ble Chief Minister,
Government of Maharashtra
Mantralaya
MUMBAI - 400 032

Hon'ble Sir,

REF : <u>SPECIAL REBATE IN POWER TARIFF TO BACKWARD REGIONS OF MAHARASHTRA LIKE VIDARBHA & MARATHWADA</u>

You are aware that in spite of Maharashtra being the number one preferred destination for attracting investments, Vidarbha and Marathwada region continue to be underdeveloped region of the progressive State. The industrial growth of these regions is very poor in comparison to Pune and Mumbai regions.

This was even pointed out by the High Level Kelkar Committee report submitted in October 2013 with respect to balanced regional development issues in Maharashtra and their observations were as under :-

- *"That Per Capita Income (PCI) of Marathwada is 40 percent lower than that of Rest of Maharashtra (RoM). Similarly*
- *Per Capita Income of Vidarbha is 27 percent lower than that of RoM. This ratio has gradually deteriorated in Marathwada and Vidarbha during past 10 years, the*
- *pre existing disparity (0.66 and 0.82) further worsened by 0.07 and 0.06 respectively.*
- *the main reasons for this is due to with the baseline disparities between the agricultural or tribal areas versus the industrialized and urban concentrations which were further aggravated during the past 15 years by the change in the structure of economic activities and the regional shift in the political power in coalition governments.*
- *These involved 1) Negative growth in agricultural income.*
  - *This was partly caused by inadequate expansion in irrigation.*
  - *Rapid economic growth of industries and the IT sector, concentrated mainly in the Mumbai – Thane- Nashik-Pune area, but also to some extent in Aurangabad and Nagpur districts.*

- *The political power, as measured by holding of powerful or resource rich ministries, was relatively concentrated in RoM and to some extent in Marathwada regions".*

In view of these facts resulting in lack of employment opportunities, qualified and skilled work force is migrating to greener pastures like Pune and Mumbai region.

Further, we may add here that Power Intensive Industries like Ferro Alloys units, Mini Steel plants, Re-rolling Mills, Textiles Industries etc. are either closed down or have reduced production due to competition from adjoining States, which are offering lower power tariff, thereby adversely affecting Govt. revenue.

Hence, to boost industrial development and generate employment opportunities in these regions to minimize migration of rural people including qualified manpower to metro cities i.e. particularly Western Maharashtra.

It is also necessary to make Vidarbha & Marathwada Industries competitive in power cost compared to adjoining neighboring States so that a level playing field is given to industries in order to make them compete in make in India Projects as planned by Central Govt.

In light of above facts Hon'ble Chief Minister Maharashtra declared, during Nagpur session, to implement zero cross subsidy surcharge in open access to Vidarbha consumers.

It is further decided to relax the qualifying criteria of 1 MW load for open access consumers, to 100 KW connected load / 100 KVA contract demand for Vidarbha Region consumers.

In light of above facts we have to request you to give special rebate of Rs. 1/- per unit in power tariff in Vidarbha & Marathwada region and extend zero cross subsidy surcharge benefits to Marathwada also.

Under section 108 of Electricity Act 2003 the State Govt. has powers to issue direction to the State Commission in case of matters pertaining to policy involving public interest, if any question arises whether any such direction relates to a matter of policy involving public interest, the State Govt. decision shall be final.

The section 108 of EA 2003 reads as under.

"Directions by State Government.

108. (1) In the discharge of its functions, the State Commission shall be guided by such directions in matters of policy involving public interest as the State Government may give to it in writing.

(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the State Government thereon shall be final".

Therefore under the powers delegated under section 108 of Electricity Act 2003 the Govt. may direction to MERC to,

a) **Provide Rs.1/- per unit rebate to consumers in Vidarbha & Marathwada.**

b) **Issue order to MSEDCL to implement zero cross subsidy surcharge in open access to consumers in Vidarbha & Marathwada Region.**

c) **To relax the qualifying criteria of 1 MW load for open access consumers, to 100 KW connected load / 100 KVA contract demand in these regions.**

For implementing these directions Government may create separate fund to remove backlog in these backward regions and may utilize this fund for reducing power tariff after seeking approval from Hon;ble Governor Maharashtra and issuing directions to MERC under section 108 of EA 2003.

MERC is going to decide power tariff for Maharashtra consumers. MSEDCL has submitted proposal to increase the tariff for industries to unsustainable limits which is already highest in India. We have to request you to please look into this important matter and do the needful so that the tariff shall reduce to a sustainable limits as has been promised by the Govt.

Further we request you to issue directions to MSEDCL to refund the wrong FAC charged to consumers of Maharashtra in FY 2014-15.

Atul Pande
President