

- (i) For providing liquidity support by way of a grant equal to the value of the additional energy saved by way of accelerated Aggregate Technical and Commercial (AT&C) loss reduction beyond the loss trajectory specified under RAPDRP (Restructured Accelerated Power Development and Reform Programme).
- The eligibility of grant would arise only if the gap between Average Revenue Realized (ARR) and Average Cost of Supply (ACS) for the year has been reduced by at least 25% during the year judged against the benchmark for the year 2010-11.
 - This scheme would be available only for three years beginning 2012-13.
- (ii) Incentive by way of capital reimbursement support of 25% of principal repayment by the State Government on the liability taken over by the State Government under the scheme. The amount to be reimbursed only in case the State Government take-over the entire 50% of the short-term liabilities (corresponding to the accumulated losses) outstanding as on 31.3.2012. Detailed guidelines for the Transitional Finance Mechanism would be notified separately.
6. Support under the Scheme will be available for participating State owned Discoms having accumulated losses and facing difficulty in financing operational losses. DFS would appoint nodal banks for States who wish to participate in the Scheme. The States would then submit their Financial Restructuring Plan (FRP) prepared in consultation with the nodal banks for approval of State Government and State Electricity Regulatory Commission.
7. For monitoring the progress of turnaround plan, two committees at Central and State levels are to be constituted.

Measures taken to reduce core inflation

*18. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that core inflation continues to remain high at 5.6 per cent;
- (b) if so, the reasons therefor;

- (c) whether Government has undertaken any measures to remove supply-side constraints and other factors to reduce the level of core inflation;
- (d) if so, the details thereof; and
- (e) the impact of these measures?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The core inflation which corresponds to inflation for non-food manufacturing products has moderated from its peak of 8.50 per cent in March, 2011 to 4.96 per cent in March, 2012 and is currently placed at 5.17 per cent in October, 2012. Apart from monetary measures taken by Reserve Bank of India which raised the policy rates by 375 basis points (bps) from March, 2010 to October, 2011, softening of the international and domestic prices for metals, chemicals and textiles products has contributed to moderation of this inflation.

(c) to (e) The non-food manufacturing products are fully tradeable and except for fertilizers (urea) none of these products are under administered price regime. Domestic prices for these products are governed both by domestic availability of these products and the global commodity prices. The production and investment in these sectors is largely dependent on the business expectation and conducive investment climate. The announcement of National Manufacturing Policy has been an important policy action to accelerate manufacturing growth. Government has already taken measures to improve business sentiments. It has also announced a road map for fiscal consolidation and has reduced uncertainty/apprehension relating to some of the provisions of the tax policy. Regulatory clearances for major projects are also being expedited to improve investment and production capacity in non food manufacturing sectors.

Impact of Coal-block de-allocations on banking

*19. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Coal block de-allocations due to the Coalgate would have a collateral impact on the banking sector; and
- (b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) As per the data available with the Government, as on date there is no non-performing asset