

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:469

ANSWERED ON:28.02.2000

REFORMS IN POWER SECTOR

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

- (a) whether the Government themselves or with the help of certain financial institutions have conducted a thorough study to undertake reforms in the power sector in the country;
- (b) if so, the details thereof;
- (c) whether the Union Power Minister recently held a meeting with the Chief Ministers of the States to firm up a strategy for reforms in this sector;
- (d) if so, the details thereof;
- (e) the details of the interaction held with the World Bank and International Financial Corporation (IFC) in respect of the reform process and the agreement arrived at in this context, if any; and
- (f) the complete action plan of the Government for undertaking the reforms in the country, State-wise?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER

( SHRIMATI JAYAWANTI MEHTA )

(a) to (f) : The Government of India took the initiative to promote the reforms process in the power sector. A concerted effort was made to evolve a consensus on the need and structure of reforms. The Government of India commissioned various studies by engaging consultants. Ms. V.S. Rekha, Legal Consultant was engaged to review the existing Central Electricity Acts and suggest an amended and consolidated Central Law which would meet the requirements of liberalisation of the electricity sector. The Administrative Staff College of India conducted studies on the restructuring of regulatory system in the power sector in India. A one-man Committee headed by Shri S.J. Coelho, former Chairman of Gujarat Electricity Board looked into the problems facing the distribution sector. The Government of India also a consensus on the power sector reforms.

Recently, the Ministry of Power had asked the National Council of Applied Economic Research (NCAER) as a consultant to suggest legislative changes if considered necessary to accelerate the reform process.

The NCAER has submitted a draft Electricity Bill to replace the existing three electricity laws (The Indian Electricity Act, 1910, The Electricity (Supply) Act, 1948 and The Electricity Regulatory Commissions Act, 1998). The draft Bill suggests corporatisation of all the State Electricity Boards and their restructuring into separate entities that would provide for accountability based on profit centres, whether public or private; and setting up or reinforcing the Regulatory Commissions on the lines of the Electricity Regulatory Commissions Act, 1998. It stresses the need for efficiency and competition with the objective of providing reliable power supply to all consumers at competitive prices. It also provides for a clear delineation of roles and responsibilities.

In order to generate a national debate on the issue and to evolve a consensus on the draft Bill suggested by NCAER, its copies have been circulated to all concerned for their comments, suggestions and advice. The draft Bill suggests corporatisation of all the State Electricity Boards and their restructuring into separate entities that would provide for accountability based on profit centres, whether public or private; and setting up or reinforcing the Regulatory Commissions on the lines of the Electricity Regulatory Commissions Act, 1998. It stresses the need for efficiency and competition with the objective of providing reliable power supply to all consumers at competitive prices. It also provides for a clear delineation of roles and responsibilities.

The Conference of Power Ministers` of States was held on 26.2.2000 with a view to reviewing the status of reforms in States. The conference reiterated the need for reforms in a cohesive manner, involving setting up of Regulatory Commissions, reorganisation of State Electricity Boards, full audit of energy flow at all levels, effective elimination of power theft, tariffs which provide for commercial viability, design and implementation of cost effective investment for improving the sub-transmission and distribution network, etc.

The states of Orissa, Haryana and Andhra Pradesh have undertaken reforms with the World Bank assistance. Necessary loan agreements have been signed in this regard. Uttar Pradesh, Rajasthan and Bihar have availed Project Preparation Facility from the

World Bank for initiating reforms in power sector.

It is for the State Governments to prepare a detailed action plan for undertaking reforms in line with the consensus arrived at in the Chief Ministers`/Power Ministers` Conference.