

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:2457  
ANSWERED ON:08.12.2006  
REVIEW OF ELECTRICITY ACT, 2003  
Chakraborty Shri Swadesh;Mollah Shri Hannan

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

- (a) whether the Electricity Act, 2003 passed by the Government sought to trifurcate the functioning of State Electricity Boards (SEBs) work into Generation, Transmission and Distribution as part of the reforms suggested by International Monetary Fund (IMF) and World Bank in electricity generation and supply in the country;
- (b) if so, whether the Government is aware about the disastrous experience in 13 States where these reforms were implemented;
- (c) if so, whether the Government proposes to review the Electricity Act, 2003; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF POWER ( SHRI SUSHILKUMAR SHINDE )

(a) : The Electricity Act, 2003 evolved through extensive consultations involving, States, State Power Utilities, Industry Associations, individual experts, Trade Unions, Central Public Sector Undertakings, Employee Associations etc. After its introduction in Lok Sabha, the Electricity Bill had also been referred to the Parliamentary Standing Committee which, after a process of extensive consultations with all stakeholders, gave its recommendations, most of which were accepted by the Government.

The Act carries provisions for taking measures conducive to development of the electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies and, inter-alia, for reorganization of the State Electricity Boards (SEB). Under the Act, State Government can allow extension of time for continuation of its SEB for such period as may be agreed by the Central Government. Central Government has, from time to time, agreed to requests for continuation of the SEBs for some more time.

(b) : Central Government has awarded a study to the Indian Institute of Public Administration (IIPA) on the impact of reorganization of SEBs. The study is in progress.

(c) : Consequent to review of the Electricity Act, 2003, the Electricity (Amendment) Bill, 2005 has been introduced in the Lok Sabha.

(d) : The following amendments to the Electricity Act, 2003 have been proposed in the Bill:

(i) Amendment to section 6 so as to provide that the concerned State Governments and the Central Government shall jointly endeavour to provide access to electricity to all areas including villages and hamlets through rural electricity infrastructure and electrification of households.

(ii) Amendment to relevant sections so as to do away with the `elimination` of cross-subsidies. However, reduction of cross subsidies will continue.

(iii) Amendment to section 151 so as to clarify the position that the police would be able to investigate the cognizable offences under the Act. To expedite trial before the special courts, it is also proposed to provide that a special court shall be competent to take cognizance of an offence without the accused being committed to it for trial.