

12.55 hrs.

ELECTRICITY (SUPPLY) AMEND-  
MENT BILL

**The Minister of State in the Ministry of Irrigation and Power (Dr. K. L. Rao):** Mr. Speaker, Sir, I beg to move:

"That the Bill further to amend the Electricity (Supply) Act, 1948, be taken into consideration."

12.56 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

Sir, the Electricity (Supply) Act of 1948 was passed with a view to developing electricity in this country. In 1951 electricity was only under six thousand million kilowatt hours; today, it is 36 thousand million kilowatt hours; that is, electricity has multiplied very greatly. Therefore, it is very necessary for us, from the experience that we have had in these years, to introduce some amendments in the interest of better performance under this Act.

This Act serves two purposes. One is to render more efficiently the services rendered by the State Electricity Boards and the other is about private licences. There are a few amendments which have been suggested, of which I shall mention only the most important for the hon. House.

In regard to the State Electricity Boards the most important amendment is in respect of the uniformity of rates. The hon. House has unanimously been stressing that the rates for electricity must be the same all over India for any particular type of load. The Ministry has always submitted that while it is our ideal object to achieve, it will not be possible to do so because we have not got an all-India grid and that we shall try to get the uniformity of rates for the same type of load at least in each State.

Accordingly, we gave advice to the various State Electricity Boards to in-

roduce uniformity of rates in their respective areas and most of the States have done that. But, unfortunately, under the present Act this does not seem to be legal; the present Act does not seem to permit it. A municipality of Maharashtra has filed a suit against the Maharashtra Board that the rates cannot be fixed on a uniform basis and that the rates for a concentrated area like the towns should not be fixed in such a way as to finance the rural areas. The High Court has also said that the present Act is defective and they allowed what that particular municipality wanted. Now the Maharashtra Board had to appeal to the Supreme Court.

Similarly, there have been some cases also brought out in the States of Bihar and Punjab. All these complaints are happening because our Act is defective. Therefore, one of the amendments that we are suggesting is to ensure that the Government and the State Electricity Boards can introduce uniform electricity rates whenever it is possible and desirable to introduce them. That is the most important amendment actually that we are introducing in respect of the State Electricity Boards.

Then, we have taken this opportunity to introduce some more desirable changes. For example, Members of Parliament and members of Panchayat Boards or local authorities cannot be members of the State Electricity Boards for a period of twelve months from the date on which they cease to be such members. We thought that it was too long a period and it is really not necessary. As soon as a member ceases to be a Member of Parliament he can be taken into the Electricity Board. Therefore we have said that this limitation of twelve months is not necessary and it can be reduced.

Then, in order to have some amount of reserve and to be able to finance electricity development, we had said that every year there shall be a contribution of half a per cent. of the fixed assets to the general reserve up

[Dr. K. L. Rao]

to a maximum of 8 per cent. Now we are raising that limit of 8 per cent to 15 per cent. so that we can accumulate more amount of money and we will be able to take up the developmental projects and projects of electricity extensions by self-financing them out of the reserves as much as possible.

The amendment about depreciation is a matter of smaller detail. There has been depreciation of this machinery on a very complex formula. We have now reduced it to a straightline method of depreciation, which will take up more of depreciation in the earlier period. That is really the correct way of doing things.

Coming to limitation, electricity was under the management of Government before, and under the Act the Government could recover money due from a consumer for a period of 60 years. When money is due from a particular consumer, Government can file a suit even for a period of 60 years. Under the Limitations Act, unfortunately, when this amount was transferred to the State Electricity Board, the limitation period was only three years, with the result that the sums of money due to the State Electricity Board, earlier due to the Government, could not be recovered because the period of three years was already over by the time the Electricity Board, in some cases, took over the charge. Therefore, we are introducing an amendment in the Act that the three-year period will be from now so that they can recover their dues.

#### 13.00 hrs.

Under the present Act, we have got the provision for publication of schemes. It is done twice, once at the draft stage and the other when the project has been sanctioned irrespective of the cost of the project, whether it is a small one or a big one. What we are trying to do is to ensure that for projects costing Rs. 25 lakhs there is no necessity of any publication, that for projects

costing Rs. 25 lakhs to Rs. 1 crore the publication need be done only after the project is sanctioned, and that only for projects costing more than Rs. 1 crore the publication need be done twice. These are some of the provisions we are trying to introduce in the Act in order to improve the efficiency of the State Electricity Board.

Similarly, with respect to licensees, there are 214 licensees in this country. They have an investment of Rs. 120 crores. They have got an installed capacity of 1½ million KW. At the moment, quite an appreciable amount of power is being generated and supplied by these private licensees. It is, of course, the aim of the Government to see that these licensees are gradually taken over when our finances permit so that the electricity may be controlled by a public undertaking. But that will take some time because the question of finance is involved in this. Except in the States of Andhra Pradesh, Jammu & Kashmir and Orissa, there are private licensees all over the country. It is, therefore, necessary for us to ensure that these electricity undertakings are run on an efficient style and that they render a proper service to the consumer without, at the same time, making any extra profits or extra charges.

With this end in view, we have introduced a few amendments. The first and the most important is in respect of the standard rate, that is, the rate which they can charge is dependent upon what we call the standard rate which has got to be taken on the fixed assets, and that it shall not exceed the standard rate. The standard rate has been defined in the original Act as the bank rate plus 2 per cent. There has been a change in the bank rate. Now we want to ensure that this increased bank rate shall not apply to the entire amount. There is a large amount of money which has already been invited, prior to 1965, and we have provided that it has to earn only at 7 per cent and that the increased bank rate will

apply to amounts, which will be invested, hereafter. That is to say, we do not want to allow the private licensees to earn 8 per cent return on the whole amount with retrospective effect. We want to safeguard this.

**Shri Hari Vishnu Kamath** (Hoshangabad): On a point of order, Sir. I am sure you will agree that the Minister moving this Electricity, (Supply) Amendment Bill has not so far succeeded in electrifying the atmosphere here. Let us have quorum for a change. That might help him.

**Mr. Deputy-Speaker:** Quorum has been challenged. The bell is being rung. . . . Now there is quorum.

**Dr. K. L. Rao:** Then, there is one other amendment. There is a certain amount of clear profit that they get every year. We have provided that it shall not exceed a reasonable return by more than 15 per cent, that is, the rate is so adjusted that the clear profit shall not exceed 15 per cent. Now we are raising it to 20 per cent, but it has been ensured that out of that, one-third only upto the maximum of 5 per cent goes to the licensee, that one-third goes as a rebate to the consumer and one-third is kept as a reserve. By increasing 15 per cent to 20 per cent, we are not benefiting the licensee at all. We are only giving the benefit, if any, to the consumer and there will be a reserve fund.

Then, there is another minor amendment. Wherever we supply electricity, we allow the State Electricity Board to charge a certain minimum whenever they give a connection to ensure that the amount invested by them is not wasted and that the man to whom the connection is given does take the power and does pay for it. That kind of minimum charge is not provided for the private licensees. The licensees have been pressing that there should be a minimum charge provided for them. That is what we are trying

to do. An amendment has been introduced here to the effect that minimum charges as approved by the State Government may be allowed for the licensees.

I have described in brief the important amendments made. I submit that this amending Bill may be taken into consideration by the House. Sir, I move.

**Mr. Deputy-Speaker:** Motion moved:

"That the Bill further to amend the Electricity (Supply) Act, 1948 be taken into consideration.

**Shri Nambiar** (Tiruchirapalli): I move that this Bill may be referred to the Select Committee. This is an important Bill.

**Mr. Deputy-Speaker:** There is no such amendment tabled.

**Shri Nambiar:** This has come up all of a sudden. I could not give notice of this.

**Mr. Deputy-Speaker:** This Bill has been on the agenda for the last two days.

**Shri Nambiar:** The coming up of this Bill today was not known to us. It was not anticipated at all that this Bill would come up today. You may kindly waive the rule.

**Shri Hari Vishnu Kamath:** You can waive it at your discretion.

**Shri Warior** (Trichur): It takes time to get ready for the Bill. All of a sudden, this has happened. Nobody could anticipate it at all.

**Shri C. K. Bhattacharyya** (Raiganj): The Bill has been on the Order Paper for the last two days.

**Shri U. M. Trivedi** (Mandsaur): That is no argument. I know that has been on the agenda for the last two days.

**Shri N. Dandekar** (Gonda): Sir, this Bill is one in the discussion of

[Shri N. Dandekar]

which I definitely intended to participate. Naturally, everybody, including the hon. Members in this House, makes calculations about the time required for a particular item of business to be reached and all sorts of things depend on this. It is perfectly clear that until this morning there was no question at all of the Electricity (Supply) Amendment Bill coming up today. Certainly, I am not prepared for it and I do not think anybody else would be prepared for the Bill. Indeed, I did not think it would come up during the whole of this week having regard to the time allotted for the other business. I do not, therefore, think it will be really proper to proceed with this Bill today when so many Members are interested in it and certainly I am very much interested in the Bill. But none of us are prepared to debate it today. It is not adequate to say that because this other debate has collapsed,—the government has collapsed,—we have to take the consequence of that kind of collapse. I am sorry to use somewhat strong language, but I do feel very strongly about it. I hope, Sir, you will agree that the earliest this Bill may be taken up would be tomorrow.

**Shri Warior:** We are all very much interested in this Bill. In the last session I had put in so many questions ..... (*Interruptions*).

**Shri Nambiar** rose—

**Shri Hari Vishnu Kamath:** I support Mr. Dandekar and I move.... (*Interruptions*)

**Mr. Deputy-Speaker:** Mr. Nambiar, please give the names also.

**Shri U. M. Trivedi:** This Bill should not be taken up like this. We all calculated the time. We may be told that the agenda was there; the agenda has been there since 1965. The same

trouble arose when the Merchant Shipping Bill came up and there was nobody even to say 'yes' or 'no'. Even without a proper quorum, the Merchant Shipping Bill was passed. Now the Electricity Bill has come. Mr. Kamath moved a motion that the House has to be electrified—that there was no quorum. Now the quorum is there. We feel that this is a very important Bill. We generally apply our mind to the Bill when the business comes up before the House. This has come up all of a sudden. I was in the Railway Reservation office and I was told that the resistance of the Government had broken down and the Government had yielded and, therefore, the whole picture has changed. So from there I have come here straight. As I said, the Merchant Shipping Bill was passed even without a quorum. Now the Electricity Bill has come. This is a very important Bill. Many important points are involved in it: the question of Articles 14 and 15 is there; the application of the equality before law is there; then you want to make the provisions with retrospective effect. So many things are there. How are we to speak on this Bill? It is not a casual bill that can be taken up like this.

**Dr. L. M. Singhvi** (Jodhpur): My humble submission is that, in the extraordinary circumstances in which we have to operate today, there seems to be no other reasonable proposition than adjourning the House for the day. You cannot possibly have such a serious piece of legislation enacted without any consideration. If the Government wants merely to bring forward a piece of legislation and wants to have it passed without even being scrutinised properly by the House, then all the necessary incidents of democratic legislation are lost. This is a situation not of our making. This is a situation which is of the making of the Government because of the foolhardy and intransigent attitude taken by it. What can we do?

**Shri Hari Vishnu Kamath:** I move:

"That, under Rule 340, the debate on the motion be adjourned."

**Mr. Deputy-Speaker:** The time of the House is very valuable. (*Interruptions*).

**Shri U. M. Trivedi:** It is valuable for us also.

**The Minister of State in the Departments of Parliamentary Affairs and Communications (Shri Jaganatha Rao):** We can have this Bill as the first item tomorrow.

**Mr. Deputy-Speaker:** Is that the sense of the House?

**Several hon. Members:** Yes.

**Mr. Deputy-Speaker:** All right. The Bill will be taken up tomorrow as the first item.

13.15 hrs.

#### BUSINESS OF THE HOUSE

**The Minister of Parliamentary Affairs and Communications (Shri Satya Narayan Sinha):** Mr. Deputy-Speaker, Sir, as further discussion on the Motion of the Finance Minister regarding Economic Situation has been postponed, it has become essential to include some additional legislative items in the programme of the Lok Sabha for the current week. I would, therefore, like to inform the House that we propose to bring up before the House the following business for tomorrow and day-after. Of course, the first item will be consideration and passing of the Electricity (Supply) Amendment Bill.

(2) Consideration and passing of the Coal Mines Labour Welfare Fund Bill, 1965.

(3) Consideration and passing of the Delhi High Court Bill, 1965, as reported by the Select Committee.

(4) Consideration and passing of the Companies (Second Amendment) Bill, 1965.

(5) Consideration and passing of the All India Services (Amendment) Bill, 1965.

(6) Consideration and passing of Registration of Births and Deaths Bill, as passed by the Rajya Sabha.

(7) Consideration and passing of Delhi Shops and Establishments (Amendment) Bill, 1966.

**Shri Hari Vishnu Kamath (Hoshangabad):** Arising out of this, may I at the outset say how concerned I was to notice that voice of the Leader of the House is noticeably subdued and contrite. I do not know why it is so.

He has given us a list of the business for the current week. May I remind him of the fact that on the last day of the last session there were at least three or four items which were on the agenda and which could not be taken up at all—the Rules Committee's report and one or two other motions. Does he want to put them off to the last day of this session also, so that they may automatically get postponed to the next session? So let him keep these in mind and bring these up early in this session.

**श्री सरजू पाण्डेय (रसड़ा):** उपाध्यक्ष महोदय, मैं एक निवेदन करना चाहता हूँ। इस सिलसिले में कि हिन्दू यूनिवर्सिटी (अमेन्डमेंट) बिल जो पिछले दिनों कई बार पोस्टपोन हुआ है उसको अगले सप्ताह में ले लिया जाये क्योंकि वहाँ पर यूनिवर्सिटी का कारोबार खत्म हो रहा है।

**Shri Satya Narayan Sinha:** We are going to take it up during this session.

**Mr. Deputy-Speaker:** There is a Calling-Attention Notice.