

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1885  
ANSWERED ON:03.08.2000  
POWER TRADE IN PRIVATE SECTOR  
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**Will the Minister of POWER be pleased to state:**

- (a) whether power trading between deficit and surplus regions restricted to Power Trading Corporation is proposed to be opened up for private sector as well;
- (b) if so, whether a legislation is being introduced in regard to setting up of private power trading and energy service companies;
- (c) if so, the time by which this new legislation is likely to be introduced; and
- (d) the main features of the proposed legislation?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRIMATI JAYAWANTI MEHTA )

(a) to (d) : The Ministry of Power has been contemplating a legislation which would replace the three existing laws viz., the Indian Electricity Act, 1910, Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998. The legislation under consideration i.e. the Electricity Bill, 2000 envisages inter alia that appropriate Regulatory Commission may grant any person licence to undertake trading in electricity as an electricity trader. Thus, power trading between deficit and surplus regions will not be restricted to Power Trading Corporation only. The Bill is likely to be introduced shortly. The National Council of Applied Economic Research (NCAER) was engaged as a consultant to suggest the legislative changes required for accelerating the reform process in the power sector in the country. The NCAER has submitted draft Electricity Bill, 2000 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 salient objectives of the proposed legislation are :-

- 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/reinforcing the Regulatory Commissions on the lines of the Electricity Regulatory Commissions Act, 1998. The Bill proposes development of wholesale market and trading in power. 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.

- Detailed discussions have been held with States, State Electricity Boards, Regulatory Commissions, Experts, Chambers of Commerce and Private Utilities etc. The draft Bill is being discussed at various levels before finalisation.