

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4083

ANSWERED ON:21.03.2013

INDEPENDENT INSTITUTIONS IN POWER SECTOR

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Will the Minister of POWER be pleased to state:

- (a) whether the proposed bifurcation and creation of independent institutions in the power sector at State level have been implemented by all the States;
- (b) if not, the States which have not implemented the provisions of the Electricity Act, 2003;
- (c) the steps being taken by the Union Government to ensure that all the provisions of the Act are implemented by the State Governments; and
- (d) the details of the benefits achieved by forming such independent institutions at State level?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b) Section 131 read with Section 172 of the Electricity Act 2003 provides for re-organization of State Electricity Boards. It further provides that the State Government may, by notification, authorize the State Electricity Board to continue to function as the State Transmission Utility or a licensee for such further period beyond the period of one year as may be mutually decided by the Central Government and the State Government. Accordingly, on the request of the concerned State Government, the Central Government has granted extension from time to time to State Electricity Board to function as the State Transmission Utility or a licensee. Out of total 21 State Electricity Boards, 19 SEB have been reorganized so far. The State Electricity Board of Jharkhand and Kerala are yet to be re-organized.

(c) Electricity being a concurrent subject, the provisions of the Act provide for the functions and responsibilities of the Central and State Governments as well as of different statutory bodies and entities defined under the Act. The Central Government has been pursuing with the State Governments at various fora for implementation of various provisions of Electricity Act, 2003 from time to time. The position of implementation of some of the provisions of the Electricity Act, 2003 by States is given at Annex.

(d) Ministry of Power has got conducted a study by the Indian Institute of Public Administration (IIPA) on the impact of reorganization of the State Electricity Boards.

The study concluded that 'despite some short comings, the overall impact of restructuring has been positive and in the right direction'. The report given by IIPA states that the following overall improvements have been noticed in four States which have reorganized their SEBs (Andhra Pradesh, Haryana, Karnataka and Odisha):

- (i) Trend towards reducing AT&C losses.
- (ii) Increased and more focused investments.
- (iii) Capacity addition and strengthening of the power systems.
- (iv) Localisation and reduction of inefficiencies.
- (v) Improved customer care.
- (vi) Progress in metering, billing and collection etc.
- (vii) Increased accountability of the Utilities.
- (viii) Establishment of Regulatory Mechanism.
- (ix) Empowerment of consumers.
- (x) Reporting and reviewing of performance of the Utilities on a regular basis.