

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2208

ANSWERED ON:22.08.2013

PROVISION IN ELECTRICITY ACT

Ganpatrao Shri Jadhav Prataprao;Khaire Shri Chandrakant Bhaurao;Singh Shri Pashupati Nath;Sinh Dr. Sanjay;Yadav Shri M. Anjan Kumar

Will the Minister of POWER be pleased to state:

- (a) the details of the provisions made in the Electricity Act, 2003 for allowing private power distribution companies to operate in the country;
- (b) the details of such companies operating at present and since when, State/UT-wise;
- (c) the provisions made in this Act to review/carry out survey about the functioning of these companies so that the people know about their actual performance;
- (d) whether the Government has allowed multiple power distribution companies to operate in an area to curb the monopoly of a sole power distribution company and if so, the details thereof;
- (e) whether certain conditions are imposed on other power distribution companies for grant of licence under Electricity Act, 2003 where one company is already operating; and
- (f) if so, the details thereof and the reasons therefor along with the remedial measures being taken by the Government in this regard?

Answer

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

- (a) : Section 14 of the Electricity Act, 2003 allows the Appropriate Commission (State Commission) to grant licence to any person to distribute electricity as distribution licensee on application made before the Commission.
- (b) : Private distribution companies are operating in the States of Maharashtra, Gujarat, Jharkhand, Odisha, West Bengal, Uttar Pradesh and Union Territory of Delhi. Based on information made available by CERC, the details of the Private distribution companies operating in these States are at Annex-I.
- (c) : The State Commissions regulate the distribution companies by specifying terms and conditions of license. Further, section 57 of the Act empowers the Commission to specify standards of performance of a licensee. Under Section 59 of the Act, the licensee is required to furnish the level of performance achieved during the specified period. The same section further provides that the Appropriate Commission shall at least once in every year arrange to publish the information submitted by the licensee, in such form and manner as may be considered appropriate.
- (d) : Sixth proviso to Section 14 of the Act provides that the State Commission may grant licence to two or more persons for distribution of electricity through their own distribution system within the same area. The applicant for grant of licence within the same area is required to apply with the additional requirements relating to the capital adequacy, credit worthiness or code of conduct, as may be prescribed by the Central Government.
- (e) & (f) : The Government of India vide its notification dated 23rd March, 2005 notified Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 as per the sixth proviso of section 14 of the Electricity Act, 2003 for the grant of license to two or more persons for distribution of electricity within the same area of supply. A copy of the Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 is at Annex-II.