

**THE INDIAN ELECTRICITY
(AMENDMENT) BILL, 1958**

(AS INTRODUCED IN LOK SABHA)



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A
BILL

further to amend the Indian Electricity Act, 1910.

BE it enacted by Parliament in the Ninth Year of the Republic of India as follows:—

1. This Act may be called the Indian Electricity (Amendment) Act, 1958. Short title.

9 of 1910. 5 2. Throughout the Indian Electricity Act, 1910 (hereinafter referred to as the principal Act), unless otherwise expressly provided,— Substitution of expressions "aerial line" and "Electric Inspector" by certain other expressions.

(i) for the words "aerial line" wherever they occur, the words "overhead line" shall be substituted; and

10 (ii) for the words "Electric Inspector" wherever they occur, the words "Electrical Inspector" shall be substituted.

3. In section 2 of the principal Act,—

54 of 1948. 15 (i) for the words "have the meanings assigned to them in that Act", the words, brackets and figures "or in the Electricity (Supply) Act, 1948, have the meanings assigned to them in either of those Acts" shall be substituted; Amendment of section 2.

(ii) for clause (a), the following clause shall be substituted, namely:—

20 '(a) "appropriate Government" means in relation to any works or electric installations belonging to, or under the control of, the Central Government or in relation to any mines, oil-fields, railways, aerodromes, telegraphs, broadcasting stations and any works of defence, the Central Government, and in any other case, the State Government;';

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(iii) for clause (c), the following clause shall be substituted, namely:—

'(c) "consumer" means any person who is supplied with energy by a licensee or the Government or by any other person engaged in the business of supplying energy to the public under this Act or any other law for the time being in force, and includes any person whose premises are for the time being connected for the purpose of receiving energy with the works of a licensee, the Government or such other person, as the case may be;'

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(iv) for clause (f), the following clause shall be substituted, namely:—

'(f) "electric supply-line" means a wire, conductor or other means used for conveying, transmitting or distributing energy (whether by overhead line or underground cable), together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing such energy and includes any support, cross-arm, stay, strut or safety device erected or set up for that purpose;'

(v) in clause (i), the words "by a licensee" shall be omitted;

(vi) after clause (i), the following clause shall be inserted, namely:—

'(ii) "overhead line" means an electric supply-line which is placed above ground and in the open air but does not include live rails of a traction system;'

(vii) in clause (l), the words "by a licensee" shall be omitted and in sub-clause (i), for the words "licensee's premises", the words "supplier's premises" shall be substituted;

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(viii) after clause (l), the following clause shall be inserted, namely:—

'(ll) "State Electricity Board" in relation to any State means the State Electricity Board, if any, constituted for that State under section 5 of the Electricity (Supply) Act, 1948;'

35 54 of 1948

(ix) for clause (n), the following clause shall be substituted, namely:—

'(n) "works" includes electric supply-line and any building, plant, machinery, apparatus and any other thing of whatever description required to supply energy to the public and to carry into effect the objects of a license or sanction

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granted under this Act or any other law for the time being in force.’.

4. In section 3 of the principal Act,—

Amendment
of section 3.

(i) in sub-section (1), after the words “prescribed form”,
5 the words “and after consulting the State Electricity Board” shall
be inserted;

(ii) in sub-section (2),—

(a) in clause (a), in item (ii),—

(i) after the word “cantonment,”, the word “aero-
10 drome,” shall be inserted;

(ii) for the words “naval or military purposes”, the
words “defence purposes” and for the words “Engineer-
in-Chief, Army Headquarters, India”, the words “Cen-
tral Government” shall respectively be substituted;

(b) in clause (d),—

(i) in item (i), the words “and as to the limits of
price to be charged in respect of the supply of energy,”
shall be omitted;

(ii) in item (ii), for the words and figures “sections
20 5 and 7”, the words and figures “sections 5 and 6” and
for the words and figures “section 5 or section 7”, the
words and figures “section 5 or section 6” shall be substi-
tuted.

5. In section 4 of the principal Act,—

Amendment
of section
4.

(i) in sub-section (1),—

(a) after the words “so requires”, the words “and after
consulting the State Electricity Board” shall be inserted;

(b) in clause (c), for the words, brackets, figure and
letter “sub-section (3), clause (b)”, the words, figures,
30 letter and brackets “section 4A, sub-section (1)” shall be
substituted;

(c) in clause (d), for the words “where the licensee is,
in the opinion of the State Government, unable, by reason of
his insolvency”, the words “where in the opinion of the State
Government the financial position of the licensee is such that
35 he is unable” shall be substituted;

(d) after clause (d), the following clause shall be insert-
ed, namely:—

40 “(e) where a licensee, in the opinion of the State
Government, has made default in complying with any
direction issued under section 22A.”;

(ii) for sub-sections (2) and (3), the following sub-sections shall be substituted, namely:—

“(2) Where in its opinion the public interest so permits, the State Government may, on the application or with the consent of the licensee, and after consulting the State Electricity Board, and the Central Government where that Government is interested, and if the licensee is not a local authority, after consulting also the local authority, if any, concerned, revoke a license as to the whole or any part of the area of supply upon such terms and conditions as it thinks fit. 10

(3) No license shall be revoked under sub-section (1) unless the State Government has given to the licensee not less than three months' notice, in writing, stating the grounds on which it is proposed to revoke the license and has considered any cause shown by the licensee within the period of that notice, against the proposed revocation. 15

(4) Where the State Government might under sub-section (1) revoke a license it may instead of revoking the license permit it to remain in force subject to such further terms and conditions as it thinks fit to impose and any further terms or conditions so imposed shall be binding upon, and be observed by, the licensee, and shall be of like force and effect as if they were contained in the license.”. 20

6. After section 4 of the principal Act, the following section shall be inserted, namely:— 25

Insertion of
new section
4A.

Amendment
of licenses.

“4A. (1) Where in its opinion the public interest so permits, the State Government, on the application of the licensee or otherwise and, after consulting the State Electricity Board, and if the licensee is not a local authority, also the local authority, if any, concerned, may make such alterations and amendments in the terms and conditions of a license, including the provisions specified in section 3, sub-section (2), clause (f), as it thinks fit: 30

Provided that no such alterations or amendments shall be made except with the consent of the licensee unless such consent has, in the opinion of the State Government, been unreasonably withheld. 35

(2) Where the licensee has made an application under sub-section (1) proposing any alterations or amendments in his license, the following provisions shall have effect, namely:— 40

(a) the licensee shall publish a notice of the application in the prescribed manner and with the prescribed particulars;

(b) the State Government shall not make any alterations or amendments until all objections received by it with reference to the application within three months from the date of the first publication of the notice have been considered;

(c) in the case of an application proposing alterations or amendments in the area of supply comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the State Government shall not make any alterations or amendments except with the consent of the Central Government."

7. For sections 5, 6 and 7 of the principal Act, the following sections shall be substituted, namely:—

Substitution
of new sections
for sections 5, 6
and 7.

"5. (1) Where the State Government revokes, under section 4, sub-section (1), clause (c), the license of a licensee, the State Government shall serve a notice of revocation upon the licensee and on and with effect from the date on which such notice is served, all the powers and liabilities of the licensee under this Act shall absolutely cease and determine.

Provisions
where license
of a licensee
is revoked.

(2) Where the State Government revokes, under any other provision of section 4, sub-section (1), the license of a licensee, the following provisions shall have effect, namely:—

(a) the State Government shall serve a notice of revocation upon the licensee and shall fix a date on which the revocation shall take effect; and on and with effect from that date, or on and with effect from the date, if earlier, on which the undertaking of the licensee is sold to a purchaser in pursuance of any of the succeeding clauses or is delivered to a designated purchaser in pursuance of sub-section (4), all the powers and liabilities of the licensee under this Act shall absolutely cease and determine;

(b) the State Government shall enquire from the State Electricity Board, and where the licensee is not a local authority, also from any local authority constituted for the area within which the whole of the area of supply is included, whether it is willing to purchase the undertaking;

(c) if the State Electricity Board is willing to purchase the undertaking, the State Government shall, by notice in writing require the licensee to sell, and thereupon, the licensee shall sell the undertaking to the State Electricity Board;

(d) if the State Electricity Board is not willing to purchase the undertaking, the State Government shall have the option of purchasing the undertaking and if it elects to purchase, it shall by notice in writing require the licensee to sell, and thereupon the licensee shall sell the undertaking to it; 5

(e) if the State Electricity Board is not willing to purchase the undertaking and the State Government does not itself elect to purchase it, the State Government in any case where the local authority referred to in clause (b) is willing to purchase the undertaking shall by notice in writing require 10 the licensee to sell and thereupon the licensee shall sell the undertaking to that local authority;

(f) if no sale of the undertaking is effected under any of the foregoing clauses and if any other person is willing to purchase the undertaking, the State Government shall by 15 notice in writing require the licensee to sell, and thereupon the licensee shall sell the undertaking to such other person.

(3) Where an undertaking is sold under sub-section (2), the purchaser shall pay to the licensee the purchase price of the undertaking determined in accordance with the provisions of sub- 20 section (1) and (2) of section 7A, or as the case may be, sub-section (3) of that section.

(4) Where the State Government issues any notice under sub-section (2) requiring the licensee to sell the undertaking, it may by such notice require the licensee to deliver, and thereupon the 25 licensee shall deliver on a date specified in the notice the undertaking to the designated purchaser pending the determination and payment of the purchase price of the undertaking.

(5) Where before the date fixed in the notice issued under clause (a) of sub-section (2) as the date on which the revocation 30 of the license shall take effect, no notice has been issued to the licensee requiring him to sell the undertaking, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit: 35

Provided that if the licensee does not exercise such option within a period of six months from the aforesaid date, the State Government may forthwith cause the works of the licensee in, under, over, along, or across any street to be removed and every such street to be reinstated, and recover the cost of such 40 removal and reinstatement from the licensee.

6. (1) Where a license has been granted to any person, not being a local authority, the State Electricity Board shall,—

5 (a) in the case of a license granted before the commencement of the Indian Electricity (Amendment) Act, 1958, on the expiration of each such period as is specified in the license; and

10 (b) in the case of a license granted on or after the commencement of the said Act, on the expiration of such period not exceeding twenty years and of every such subsequent period, not exceeding ten years, as shall be specified in this behalf in the license;

15 have the option of purchasing the undertaking and such option shall be exercised by the State Electricity Board serving upon the licensee a notice in writing of not less than one year requiring the licensee to sell the undertaking to it at the expiry of the relevant period referred to in this sub-section.

20 (2) Where a State Electricity Board has not been constituted, or if constituted, does not elect to purchase the undertaking, the State Government shall have the like option to be exercised in the like manner of purchasing the undertaking.

25 (3) Where neither the State Electricity Board nor the State Government elects to purchase the undertaking, any local authority constituted for an area within which the whole of the area of supply is included shall have the like option to be exercised in the like manner of purchasing the undertaking.

30 (4) If the State Electricity Board intends to exercise the option of purchasing the undertaking under this section, it shall send an intimation in writing of such intention to the State Government at least eighteen months before the expiry of the relevant period referred to in sub-section (1) and if no such intimation as aforesaid is received by the State Government the State Electricity Board shall be deemed to have elected not to purchase the undertaking.

35 (5) If the State Government intends to exercise the option of purchasing the undertaking under this section, it shall send an intimation in writing of such intention to the local authority, if any, referred to in sub-section (3) at least fifteen months before the expiry of the relevant period referred to in sub-section (1) and if no such intimation as aforesaid is received by the local authority, the State Government shall be deemed to have elected not to purchase the undertaking.

40 (6) Where a notice exercising the option of purchasing the undertaking has been served upon the licensee under this section,

the licensee shall deliver the undertaking to the State Electricity Board, the State Government or the local authority, as the case may be, on the expiration of the relevant period referred to in sub-section (1) pending the determination and payment of the purchase price. 5

(7) Where an undertaking is purchased under this section, the purchaser shall pay to the licensee the purchase price determined in accordance with the provisions of sub-section (4) of section 7A.

Vesting of the undertaking in the purchaser.

7. Where an undertaking is sold under section 5 or section 6, 10 then upon the completion of the sale or on the date on which the undertaking is delivered to the intending purchaser under sub-section (4) of section 5 or under sub-section (6) of section 6, as the case may be, whichever is earlier—

(i) the undertaking shall vest in the purchaser or the 15 intending purchaser, as the case may be, free from any debt, mortgage or similar obligation of the licensee or attaching to the undertaking;

Provided that any such debt, mortgage or similar obligation shall attach to the purchase money in substitution for 20 the undertaking;

(ii) the rights, powers, authorities, duties and obligations of the licensee under his license shall stand transferred to the purchaser or intending purchaser and such purchaser or intending purchaser shall be deemed to be the licensee: 25

Provided that where the undertaking is sold or delivered to a State Electricity Board or the State Government, the license shall cease to have further operation.

Determination of purchase price.

7A. (1) Where an undertaking of a licensee, not being a local authority, is sold under sub-section (2) of section 5, the purchase price of the undertaking shall be the fair market value of the undertaking at the time of purchase or where the undertaking has been delivered before the purchase under sub-section (4) of that section, at the time of the delivery of the undertaking, reduced in either case by the value of contributions made by 35 consumers towards the cost of construction of service lines or other capital works; and if there is any difference or dispute regarding such purchase price, the same shall be determined by arbitration.

(2) The fair market value of an undertaking for the purpose of sub-section (1) shall be deemed to be the value of all 40 lands, buildings, works, materials and plant of the licensee suitable to, and used by him, for the purpose of the undertaking,

5 other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant and the state of repair thereof and to the circumstance that they are in such position as to be ready for immediate working and to the suitability of the same for the purpose of the undertaking, but without any addition in respect of compulsory purchase or of goodwill or of any profits which may be or might have been made from the undertaking or of any similar consideration.

10 (3) Where an undertaking of a licensee, being a local authority, is sold under sub-section (2) of section 5, the purchase price of the undertaking shall be such as the State Government, having regard to the market value of the undertaking at the date of delivery of the undertaking, may determine.

15 (4) Where an undertaking of a licensee is purchased under section 6, the purchase price shall be the value thereof as determined in accordance with the provisions of sub-sections (1) and (2):

20 Provided that there shall be added to such value such percentage, if any, not exceeding twenty per centum of that value as may be specified in the license on account of compulsory purchase."

8. In section 8 of the principal Act,—

25 (i) for the words, figures and brackets "section 7, sub-section (1), neither a local authority nor the State Government purchases the undertaking", the words, figures and brackets "section 6, sub-section (1), the undertaking is not purchased by the State Electricity Board, the State Government or the local authority" shall be substituted;

30 (ii) in the proviso, for the words, figure, brackets and letter, "section 5, clause (f), proviso", the words, figures and brackets "section 5, sub-section (5), proviso" shall be substituted.

9. In section 9 of the principal Act, in sub-section (1), for the words beginning with "notice of the application to every local authority" and ending with "or intends to supply, energy", the following shall be substituted, namely:—

"notice of the application—

(a) to the State Electricity Board; and

40 (b) to every local authority both in the licensee's area of supply and also in the area in which such other person supplies, or intends to supply, energy".

Amendment
of section 8.

Amendment
of section 9.

Amendment of section 10. 10. In section 10 of the principal Act, for the words and figures "sections 5, 7 and 8", the words and figures "sections 5, 6 and 8" shall be substituted.

Amendment of section 12. 11. In section 12 of the principal Act, in sub-section (2), for the words "owner and occupier", the words "owner or occupier" shall be substituted. 5

Amendment of section 13. 12. In section 13 of the principal Act, in sub-section (1),—
 (i) in clause (a), after the words "not being a service line", the words "other than a service line in, under, over, along or across a railway," shall be inserted; 10
 (ii) in clause (f), after the words "service line", the words "other than a service line in, under, over, along or across a railway," shall be inserted.

Amendment of section 20. 13. In section 20 of the principal Act,— 15
 (i) in sub-section (1),—
 (a) after the words "to which energy is or has been supplied by him", the words "or any premises or land, under, over, along, across, in or upon which the electric supply-lines or other works have been lawfully placed by him" shall be inserted; 20
 (b) in clause (a), for the words "inspecting and testing", the words "inspecting, testing, repairing or altering" shall be substituted;

(ii) in sub-section (2), for the words beginning with "the District Magistrate or" and ending with "belonging to the consumer", the following shall be substituted, namely:— 25

"a Magistrate of the first class and after giving not less than twenty-four hours' notice in writing to the occupier—

(a) enter any premises or land referred to in sub-section (1) for any of the purposes mentioned therein; 30

(b) enter any premises to which energy is to be supplied by him, for the purpose of examining and testing the electric wires, fittings, works and apparatus for the use of energy, belonging to the consumer".

Amendment of section 21. 14. In section 21 of the principal Act,— 35

(i) in sub-section (1),—

(a) after the words "save as provided", the words, brackets and figure "in any conditions made under sub-section (2) or" shall be inserted;

(b) in the proviso, for the words "interfere with the supply by the licensee of energy to any other person", the following shall be substituted, namely:—

"interfere with—

5 (a) the safety or efficient working of a licensee's electric supply-lines or other works; or

(b) the supply of energy by the licensee to any other person";

(ii) in sub-section (2),—

10 (a) the words, brackets and figure "Subject to the provisions of sub-section (1)" shall be omitted;

(b) after the words "after consulting", the words "the State Electricity Board and also" shall be inserted;

15 (iii) in sub-section (3), for the word "cancel", the words "add any new condition or cancel or otherwise amend" shall be substituted.

15. After section 22 of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 22A and 22B.

20 "22A. (1) The State Government may, if in its opinion it is necessary in the public interest so to do, direct any licensee to supply, in preference to any other consumer, energy re-quired by—

Powers of State Government to give direction to a licensee in regard to the supply of energy to certain class of consumers

25 (a) any establishment belonging to, or under the control of the Central Government or the State Government; or

(b) any other establishment notified by the State Government in the Official Gazette, being an establishment which in the opinion of the State Government, is essential to the life of the community.

30 (2) Where any direction is issued under sub-section (1) requiring a licensee to supply energy to any establishment and any difference or dispute arises as to the price or other terms and conditions relating to the supply of energy, the licensee shall not by reason only of such difference or dispute be entitled to refuse to supply energy but such difference or dispute shall
35 be determined by arbitration.

40 (3) Where any agreement by a licensee, whether made before or after the commencement of the Indian Electricity (Amendment) Act, 1958, for the supply of energy with any establishment referred to in sub-section (1) expires, the licensee shall continue to supply energy to such establishment on the same terms and conditions as are specified in the agreement until

he receives a notice in writing from the establishment requiring him to discontinue the supply.

(4) Notwithstanding anything contained in this Act, or in the Electricity (Supply) Act, 1948, or in his license or in any agreement entered into by him for the supply of energy, a licensee shall be bound to comply with any direction given to him under sub-section (1) and any action taken by him in pursuance of any such direction shall not be deemed to be a contravention of section 23.

Power to control the distribution and consumption of energy.

22B. (1) If the State Government is of opinion that it is necessary or expedient so to do, for maintaining the supply and securing the equitable distribution of energy, it may by order provide for regulating the distribution, supply, consumption or use thereof.

(2) Without prejudice to the generality of the powers conferred by sub-section (1) an order made thereunder may direct the licensee not to comply, except with the permission of the State Government, with—

(i) the provisions of any contract, agreement or requisition whether made before or after the commencement of the Indian Electricity (Amendment) Act, 1958, for the supply (other than the resumption of a supply) or an increase in the supply of energy to any person, or

(ii) any requisition for the resumption of supply of energy to a consumer after a period of six months, from the date of its discontinuance, or

(iii) any requisition for the resumption of supply of energy made within six months of its discontinuance, where the requisitioning consumer was not himself the consumer of the supply at the time of its discontinuance.”

Amendment of section 23.

16. In section 23 of the principal Act, in sub-section (1), the words “but may, save as aforesaid, make such charges for the supply of energy as may be agreed upon, not exceeding the limits imposed by his license” shall be omitted.

Amendment of section 24.

17. In section 24 of the principal Act, in sub-section (2), for the words “has been referred under this Act to an Electric Inspector”, the words “which by or under this Act is required to be determined by an Electrical Inspector, has been referred to the Inspector” shall be substituted.

Amendment of section 25.

18. In section 25 of the principal Act, the words “for the purpose of supplying energy,” shall be omitted.

19. In section 26 of the principal Act,—

Amendment
of section 26.

(i) in sub-section (5), for the words beginning with “with-
out giving” and ending with “his intention”, the following shall
be substituted, namely:—

5 “but he may by giving not less than forty-eight hours’
notice in writing to the licensee require the licensee to
connect or disconnect such meter and on receipt of any
such requisition the licensee shall comply with it within
the period of the notime”;

10 (ii) for sub-section (6), the following sub-section shall be
substituted, namely:—

15 “(6) Where any difference or dispute arises as to
whether any meter referred to in sub-section (1) is or is
not correct, the matter shall be decided, upon the applica-
tion of either party, by an Electrical inspector; and where
the meter has, in the opinion of such Inspector ceased to
be correct, such Inspector shall estimate the amount of the
energy supplied to the consumer or the electrical quantity
20 contained in the supply, during such time, not exceeding
six months, as the meter shall not, in the opinion of such
Inspector, have been correct; but save as aforesaid, the
register of the meter shall, in the absence of fraud, be con-
clusive proof of such amount or quantity:

25 Provided that before either a licensee or a consumer
applies to the Electrical Inspector under this sub-section,
he shall give to the other party not less than seven days’
notice of his intention so to do.”

20. In section 28 of the principal Act,—

Amendment
of section
28.

30 (i) for sub-section (1), the following sub-sections shall be
substituted, namely:—

35 “(1) No person, other than a licensee, shall engage in
the business of supplying energy to the public except with
the previous sanction of the State Government and in
accordance with such conditions as the State Government
may fix in this behalf, and any agreement to the contrary
shall be void.

(1A) The State Government shall not give any sanc-
tion under sub-section (1)—

40 (a) except after consulting the State Electricity
Board; and

(b) except with the consent—

(i) in any case where energy is to be supplied in any area for which a local authority is constituted, of that local authority;

(ii) in any case where energy is to be supplied in any area forming part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, of the Central Government;

(iii) in any area falling within the area of supply of a licensee, of that licensee:

Provided that except in a case falling under sub-clause (ii), no such consent shall be necessary if the State Government is satisfied that such consent has been unreasonably withheld.”;

(ii) in sub-section (2), after the words “supplying energy”, the words “to the public” shall be inserted.

Amendment
of section
29.

21. In section 29 of the principal Act, in sub-section (1), after the words “supplying energy”, the words “to the public” shall be inserted.

Amendment
of section
30.

22. In section 30 of the principal Act, in sub-section (1), for the words, brackets, letters and figures beginning with “No person other than a licensee” and ending with “as may be applicable”, the following shall be substituted, namely:—

“No person other than a licensee or a person to whom sanction is granted under section 28, duly authorised under the terms of his license or sanction, as the case may be, shall transmit or use energy at a rate exceeding two hundred and fifty watts and one hundred volts—

(a) in any street, or

(b) in any place,—

(i) in which one hundred or more persons are likely ordinarily to be assembled, or

(ii) which is a factory within the meaning of the Factories Act, 1948, or a mine within the meaning of the Mines Act, 1952, or

(iii) to which the State Government, by general or special order, declares the provisions of this sub-section to apply,

63 of 1948.
35 of 1952.

without giving, before the commencement of transmission or use of energy, not less than seven days' notice in writing of his intention to the Electrical Inspector and to the District Magistrate, or in a presidency-town to the Commissioner of Police, containing particulars of the electrical installation and plant, if any, the nature and the purpose of supply, and complying with such of the provisions of Part IV, and of the rules made thereunder, as may be applicable".

23. In section 31 of the principal Act,—

Amendment
of section
31.

10 (i) after the word "railway," where it occurs for the first time, the word "aerodrome," shall be inserted;

(ii) after the word "railway," where it occurs for the second time, the word "airway," shall be inserted.

24. In section 33 of the principal Act,—

Amendment
of section
33.

15 (i) for sub-section (1), the following sub-section shall be substituted, namely:—

20 "(1) If any accident occurs in connection with the generation, transmission, supply or use of energy in or in connection with, any part of the electric supply-lines or other works of any person and the accident results or is likely to have resulted in loss of human or animal life or in any injury to a human being or an animal, such person shall give notice of the occurrence and of any such loss or injury actually caused by the accident, in such form and within such time as may be prescribed, to the Electrical Inspector and to such other authorities as the appropriate Government may by general or special order, direct.;"

25 (ii) in sub-section (2), for the words "The State Government", the words "The appropriate Government" shall be substituted;

30 (iii) after sub-section (2), the following sub-section shall be inserted, namely:—

35 "(3) Every Electrical Inspector or other person holding an inquiry under sub-section (2) shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908, for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects; and every person required by an Electrical Inspector or such other person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of section 176 of the Indian Penal Code."

Amendment
of section
34.

25. In section 34 of the principal Act,—

(i) for the words “State Government” wherever they occur, the words “appropriate Government” shall be substituted;

(ii) in sub-section (2), for the words “the use of any electric supply-line”, the words “the use of, and the supply of energy to, any electric supply-line” shall be substituted.

Substitution
of new sec-
tion for
section 36.

Appointment
of Electrical
Inspectors.

26. For section 36 of the principal Act, the following section shall be substituted, namely:—

“36. (1) The appropriate Government may, by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors and every Electrical Inspector so appointed shall exercise the powers and perform the functions of an Electrical Inspector under this Act within such areas or in respect of such class of works and electric installations and subject to such restrictions as the appropriate Government may direct. 15

(2) In the absence of express provision to the contrary in this Act, or any rule made thereunder, an appeal shall lie from the decision of an Electrical Inspector to the appropriate Government or if the appropriate Government, by general or special order so directs, to an Advisory Board.”. 20

Amendment
of section
36 A.

27. In section 36A of the principal Act,—

(i) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The Central Electricity Board shall consist of twenty-five members, namely:— 25

(a) a Chairman and four other members to be nominated by the Central Government;

(b) one member to be nominated by the Governments of each of the States, not being a Union territory, to which this Act extends;

(c) one member to be nominated by the Central Government to represent each of the Union territories of Delhi and Himachal Pradesh; 30

(d) one member to be nominated by the Central Government to represent the Union territories of Manipur, Tripura and the Andamans and Nicobar Islands; 35

(e) one member to be nominated by the Central Government to represent the Federation of Electricity Undertakings of India;

(f) one member to be nominated by the Railway Board; 40

(g) one member to be nominated by the Chief Inspector of Mines appointed under section 5 of the Mines Act, 1952; and

35 of 1952.

(h) one member to be nominated by the Indian Standards Institution constituted under the Indian Standards Institution (Certification Marks) Act, 1952.”;

5

36 of 1952

(ii) sub-section (6) shall be omitted.

28. Section 36B of the principal Act shall be omitted.

Omission of section 36B.

29. In section 37 of the principal Act, in sub-section (3), for the words, brackets and letters “clause (f) or clause (h)”, the words, brackets and letters “clauses (e) to (j) (both inclusive)” shall be substituted.

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Amendment of section 37.

30. For section 42 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 42.

15

“42. Whoever—

(a) being a licensee or a person who has obtained the sanction of the State Government under section 28 to engage in the business of supplying energy to the public, save as permitted under section 27 or section 51 or by his license or as the case may be, by the conditions of sanction, supplies energy or lays down or places any electric supply-line or works outside the area of supply; or

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(b) being a licensee or a person who has obtained the sanction of the State Government as aforesaid, in contravention of the provisions of this Act or of the rules thereunder, or in breach of the conditions of license or of the sanction, as the case may be, and without reasonable excuse, the burden of proving which shall lie on him, discontinues the supply of energy or fails to supply energy; or

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(c) makes default in complying with any of the provisions of an order or of any notice or requisition issued under section 5 or section 6; or

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(d) makes default in complying with any directions issued to him under section 22A; or

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(e) makes default in complying with any order issued to him under section 22B or sub-section (2) of section 34;

shall be punishable with fine which may extend to one thousand rupees, and, in the case of a continuing offence or default, with a daily fine which may extend to one hundred rupees.”.

Penalty for illegal or defective supply or for non-compliance with order.

Amendment
of section
44.
3

31. In section 44 of the principal Act,—

(i) in clause (a), the words “, without giving to the licensee forty-eight hours’ notice in writing of his intention” shall be omitted;

(ii) in clause (b), the words, “without such licensee’s consent” shall be omitted. 5

Amendment
of section
47.

32. In section 47 of the principal Act, after the words “conditions of his license”, the words and figures “or in the case of a person who has obtained the sanction of the State Government under section 28, with any of the conditions of the sanction” shall be inserted. 10

Insertion of
new section
49A.

33. After section 49 of the principal Act, the following section shall be inserted, namely:—

Offences by
companies.

‘49A. (1) If the person committing an offence under this Act is a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for 15 the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that 20 the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed with the 25 consent or connivance of, or is attributable to any neglect on the part of, any director or manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. 30

Explanation.—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director” in relation to a firm means a partner in the firm.’ 35

Amendment
of section
51.

34. In section 51 of the principal Act, for the words “appliances and apparatus for the transmission of energy, confer upon any public officer or licensee”, the words “electric supply-lines, appliances and apparatus for the transmission of energy or for the purpose of telephonic or telegraphic communications necessary for the proper 40 co-ordination of works, confer upon any public officer, licensee or

any other person engaged in the business of supplying energy to the public under this Act" shall be substituted.

35. After section 51 of the principal Act, the following section shall be inserted, namely:—

5 "51A. Where the State Government engages in the business of supplying energy to the public, it shall have all the powers and obligations of a licensee under this Act:

10 Provided that nothing in sections 3 to 11 (both inclusive), section 21, sub-sections (2) and (3), sections 22 and 27 or in clauses I to V (both inclusive), clause VII and clauses IX to XII (both inclusive) of the Schedule relating to the duties and obligations of a licensee shall apply to the State Government:

15 Provided further that the provisions of clause VI of the Schedule shall apply to the State Government in respect of that area only where distribution mains have been laid by the State Government and the supply of energy through any of them has commenced."

36. To section 52 of the principal Act, the following proviso shall be added, namely:—

20 "Provided that where the Government or a State Electricity Board is a party to a dispute, the dispute shall be referred to two arbitrators, one to be appointed by each party to the dispute."

37. In section 54 of the principal Act, for the words, figures, brackets and letter "section 5, clause (f), section 6, sub-section (2)", of section 25 the words, figures and brackets "section 5, sub-section (5)" shall be substituted.

38. Section 56 of the principal Act shall be re-numbered as sub-section (1) thereof, and after the sub-section as so re-numbered, the following sub-section shall be inserted, namely:—

30 "(2) No court shall take cognizance of an offence under this Act, by a public officer except with the sanction—

(a) in the case of a person employed in connection with the affairs of the Union, of the Central Government; and

(b) in any other case, of the State Government."

35 39. In the Schedule to the principal Act,—

(a) in clause I,—

40 (i) in sub-clauses (a) and (b), for the words, figures, brackets and letter "section 4, sub-section (3), clause (b)", the words, figures, letter and brackets "section 4A, sub-section (1)" shall be substituted;

(ii) in sub-clause (c), after the word "shall", the words "unless forfeited" shall be inserted;

Insertion of new section 51A.

State Government to have powers and obligations of a licensee under this Act.

Amendment of section 52.

Amendment of section 54.

Amendment of section 56.

Amendment of the Schedule.

(b) in clause II, in sub-clause (b), after the words "and information", the brackets and words "(including technical data and statements of energy generated and sold)" shall be inserted;

(c) in clause III, for the words "capital employed for the purposes of the undertaking", the words "undertaking relating to the generation, supply or distribution of energy" shall be substituted;

(d) in clause V,—

(i) in sub-clause (1), for the words "six or more", the words "two or more" shall be substituted;

(ii) in sub-clause (1) (a),—

(a) after the words "written contract", the words "in a form approved by the State Government" shall be inserted;

(b) for the words "produce annually, at the current rates charged by the licensee, a reasonable return to the licensee", the words and brackets "assure to the licensee at the current rates charged by him, an annual revenue not exceeding fifteen per centum of the cost of the distributing mains (not including transformers and other sub-station equipment) required to comply with the requisition" shall be substituted;

(iii) for sub-clause (2), the following sub-clause shall be substituted, namely:—

"(2) Where any difference or dispute arises between the licensee and such owners or occupiers as to the sufficiency of the security offered under this clause, or as to the cost of the distributing mains or as to the amount of energy to be taken or guaranteed as aforesaid, the matter shall be referred to the Electrical Inspector and decided by him."

(e) in clause VI,—

(i) in sub-clause (1), in the first proviso, in part (a), for the words "produce, at current rates charged by the licensee, a reasonable return to the licensee", the words "assure to the licensee at the current rates charged by him, an annual revenue not exceeding fifteen per centum of the cost of the service line required to comply with the requisition" shall be substituted;

(ii) in sub-clause (3), after the words "by any owner or occupier", the words "or as to the position of the meter board" shall be inserted;

(f) in clause VII, for the words "any five or more", the words "any two or more" shall be substituted;

(g) in clause VIII, after sub-clause (2), the following sub-clause shall be inserted, namely:—

5 “(3) Where the State Government or the local authority has complied with the provisions of sub-clauses (1) and (2), it may require the licensee to provide the mains and other equipments for public lamps and if any difference or dispute arises under this clause, it shall be determined by arbitration.”;

10

(h) in clause IX,—

(i) in sub-clause (1) (b), for the words “as will produce a reasonable return to the bulk-licensee on the outlay”, the words “as will assure to the bulk-licensee an annual revenue not exceeding fifteen per centum of the outlay” shall be substituted;

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(ii) sub-clause (1) (c) shall be omitted;

(i) in clause X, in sub-clause (2), for the words and brackets “to the local authority (if any) concerned”, the words and brackets “to the State Electricity Board and the local authority (if any) concerned and to the Electrical Inspector” shall be substituted;

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(j) clauses XI and XIA shall be omitted;

(k) in clause XII, after the words “for the public lamps”, the words “and other charges to be paid to him in connection therewith” shall be inserted;

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(l) in clause XIV, after the words “shall afford”, the words “to an Electrical Inspector or other person authorised by such Inspector” shall be inserted;

30 (m) in clause XV,—

(i) for the words “Electric Inspector” where they occur for the first time, the words and brackets “Electrical Inspector or a person authorised by him in this behalf (hereinafter referred to as the authorised person)” shall be substituted;

35

(ii) for the words “Electric Inspector” wherever they occur elsewhere in the clause, the words “Electrical Inspector or the authorised person” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The Bill is largely based on the recommendations of the Advisory Board appointed by the Government of India in 1953 to suggest amendments to the Indian Electricity Act, 1910 (hereinafter referred to as the Act). In making these recommendations, the Board had, besides consulting the State Governments, given careful consideration to the views of the private sector of the electricity supply industry.

2. The main objects of the Bill are:—

(a) to enlarge the scope of facilities available to consumers of electricity;

(b) to extend the same facilities to consumers served by a Government Electricity Department, as are enjoyed by consumers of private licensees and State Electricity Boards;

(c) to exercise stricter control over licensees;

(d) to take powers to regulate the distribution, supply, consumption and use of energy in certain circumstances; and

(e) to provide for the inspection of electric works and installations of the Central Government.

3. With a view to making it easier for even scattered consumers to obtain the supply of electricity, the minimum number of persons entitled to get the mains extended to their premises at the licensee's cost is being reduced from six to two. Under the existing provisions of the Act, the gross revenue to be guaranteed by a consumer before receiving the supply of electricity is not definite and varies from undertaking to undertaking. Such gross revenue is now being specified as 15 per cent. of the cost of distribution mains (excluding the equipment in the sub-station) required for compliance with the requisition for supply of electricity. This figure is based on the average revenue actually guaranteed by a large majority of consumers of electricity in the country.

4. Persons served by licensees or State Electricity Boards, are entitled to certain statutory rights and privileges in respect of extension of the distribution mains, requisitioning the supply of energy and meters, supply of energy for public lighting and freedom to use the energy in a prescribed manner. Although the Government

Electricity Departments generally extend similar facilities to their consumers, no statutory obligation is imposed upon them in this behalf. It is accordingly proposed to give the same rights to consumers of a Government Electricity Department as are enjoyed by those receiving supply from a State Electricity Board.

5. Control over licensees is being tightened by empowering the State Government to forfeit the security deposit of a licensee on account of his failure to complete within the period specified in the licence, compulsory works referred to in the Schedule to the Act. Inspectors appointed to investigate the causes of an electrical accident are being vested with powers of a civil court under the Code of Civil Procedure, 1908, for the purpose of compelling attendance of witnesses and production of documents, etc.

6. Difficulty is often experienced on account of a licensee neglecting to supply energy promptly to essential services. It is, therefore, proposed to empower State Governments to direct a licensee to supply and to continue to maintain the supply of energy, to essential services within his area of supply. Any dispute with respect to the price or other terms and conditions governing such supply shall be settled by arbitration. With a view to maintaining the supply and equitable distribution of energy, the State Governments are also being empowered to regulate the distribution, supply, consumption or use of energy.

7. In view of the increasing share of the Central Government in the field of generation and utilisation of electricity, it has been found necessary, for ensuring the safety of life and property, to subject their installations in all fields, to inspection and tests, similar to those prescribed in the case of the installations in mines and railways. It is, therefore, proposed to authorise the Central Government, to appoint inspectors with powers exercisable by electrical inspectors for mines and railways under the existing provisions of the Act, in respect of all other electric installations under the control of the Central Government.

H. MOHD. IBRAHIM.

NEW DELHI;
The 19th August, 1958.

Notes on clauses

Clause 2.—This clause makes certain formal amendments.

Clause 3.—This clause makes a few clarificatory amendments in certain existing definitions and adds a few new definitions.

Clause 4.—This clause provides that a State Government while granting a licence under the Act shall consult the State Electricity Board. It further provides that where an aerodrome is included in the area of supply, the State Government shall not grant a licence without ascertaining that the Central Government has no objection to the grant of such licence. The clause further brings the provisions of section 3 in line with those of paragraph I of the Sixth Schedule to the Electricity (Supply) Act, 1948.

Clause 5.—This clause provides that where a State Government proposes to revoke a licence, it shall consult the State Electricity Board. An additional ground for revocation of a licence would be non-compliance by the licensee with any directions issued under new section 22A. The clause further provides for giving an opportunity to the licensee of being heard before his licence is cancelled.

Clause 6.—All the provisions relating to the amendment of a licence in the existing Act are being made the subject matter of a separate section. It is further being provided that before a licence is amended, the State Government shall consult the State Electricity Board.

Clause 7.—This clause lays down the procedure to be followed in respect of revocation of a licence, purchase of an undertaking, the conditions on which the undertaking shall vest in the purchaser and the method of determination of the purchase price. The existing law on this subject is not being changed except that the State Electricity Board would have the first option of purchasing the undertaking, the State Government the second option and the local authority which at present had the first option will have the third option.

Clause 8.—This amendment is consequential on the amendments made by clause 7.

Clause 9.—This clause provides that the State Electricity Board shall be consulted before a licensee is permitted to purchase, or

associate himself with, the undertaking of any other licensee or to transfer his own undertaking.

Clause 10.—This amendment is consequential on the amendments made by clause 7.

Clause 11.—This clause permits an occupier of premises, who is not the owner himself, to obtain supply of electricity without the consent of the owner.

Clause 12.—This clause provides that in the case of erection of a service line in, under, over, along or across a railway, the procedure laid down in clauses (a) to (e) of sub-section (1) of section 13 shall be followed.

Clause 13.—This amendment enlarges the power of inspection of a licensee so as to enable him to inspect and test the electric supply-lines not only in the premises of the consumers but also in certain other premises or land.

Clause 14.—This clause provides that the State Government while approving the conditions of supply of a licensee shall consult the State Electricity Board. It also makes certain other clarificatory amendments.

Clause 15.—This clause adds certain new provisions in the Act which empower the State Government to give directions to a licensee in regard to supply of energy to essential services and also to control the distribution and consumption of energy.

Clause 16.—This amendment brings the provisions of section 23 in line with those of paragraph 1 of the Sixth Schedule to the Electricity (Supply) Act, 1948.

Clause 17.—This amendment is of a clarificatory nature.

Clause 18.—This clause provides that the procedure laid down in section 25 shall apply even when the electric supply-lines are laid by a licensee for the purpose of utilising energy.

Clause 19.—This clause prohibits a consumer from connecting or disconnecting a meter to the electric supply-line himself but makes it obligatory on the licensee to comply with the requisition of the consumer in this behalf. It further provides for the reference of any dispute between a licensee and a consumer in regard to the alleged inaccuracy of meters, to an Electrical Inspector.

Clause 20.—This clause makes it clear that the sanction of the State Government is required only for engaging in the business of

supplying energy to the public. It further provides that sanction for supplying energy cannot be given in an area forming part of cantonment, aerodrome, fortress or a place in occupation of the Government for defence purposes except with the consent of the Central Government.

Clause 21.—The amendment made by this clause is clarificatory only.

Clause 22.—This clause defines the quantum of power for transmission or use of which, through any street, etc., by a person other than a licensee or a sanction holder, a notice is required to be given to the District Magistrate and the Electrical Inspector.

Clause 23.—This clause includes within the ambit of section 31 “aerodromes” and “airways”.

Clause 24.—This clause vests Electrical Inspectors inquiring into the causes of accidents with certain powers of a civil court. It also empowers the Central Government to prescribe the form and manner of sending notice of accidents in connection with the installations with which they are concerned. The other amendments made by the clause are clarificatory only.

Clause 25.—The amendments made by this clause are consequential only.

Clause 26.—This clause empowers the Central Government to appoint Electrical Inspectors for inspecting electric installations of the Central Government.

Clause 27.—This clause provides for the re-constitution of the Central Electricity Board in view of the constitutional changes in the country and for giving representation to the private sector and the Indian Standards Institution.

Clause 28.—The amendment made by this clause is consequential on the amendment made by clause 27.

Clause 29.—This clause makes the rules with reference to clauses (e) to (j) of sub-section (2) of section 37 of the Act binding on the Government.

Clause 30.—The penal provisions of section 42 are being enlarged so as to include a penalty for contravention of the new provisions added by the Bill.

Clause 31.—The amendment made by this clause is consequential on amendment made by clause 19(i).

Clause 32.—The scope of application of the penal provisions of section 47 is being extended to cover cases of sanction holders.

Clause 33.—This clause makes specific provision in respect of offences by companies on the lines of similar provisions in other Acts.

Clause 34.—The amendment made by this clause is clarificatory only.

Clause 35.—This clause imposes the same obligations on State Governments when they engage in the business of supplying electricity to the public, as are imposed on a State Electricity Board under section 26 of the Electricity (Supply) Act, 1948.

Clause 36.—This clause provides that where a State Government or a State Electricity Board is a party to a dispute, the dispute shall be referred to two arbitrators, one to be nominated by each party.

Clause 37.—This amendment is consequential on the amendment made by clause 6.

Clause 38.—This clause is intended to protect public officers against frivolous and vexatious prosecutions.

Clause 39.—

(a) (i) The amendments are consequential on the amendment made by clause 6.

(ii) This amendment makes it clear that the State Government shall be competent to forfeit the security of a licensee for his failure to complete "compulsory works" in time.

(b) This is a formal amendment.

(c) This makes a clarificatory amendment.

(d) (i) The minimum number of persons entitled to require the licensee to extend his mains to the locality where such persons reside has been reduced from six to two.

(ii) (a) The form of agreement to be executed between a licensee and his consumers is to be approved by the State Government.

(b) This defines the "reasonable return" to be assured by the consumers of a licensee.

(iii) This provides that all disputes between a licensee and the owners or occupiers arising out of the provisions of

clause V of the Schedule shall be determined by the Electrical Inspector.

(e) (i) This amendment is related to the amendment made by sub-clause (d) (ii) (b).

(ii) This enlarges the scope of matters, difference or dispute regarding which, between a licensee and a consumer, may be referred to an Electrical Inspector.

(f) This amendment is related to the amendment made by sub-clause (d) (i).

(g) This empowers the State Government and the local authority to require the licensee to provide mains and other equipment for public lamps. It further lays down the manner in which disputes between a licensee and the authorities concerned shall be determined in such cases.

(h) (i) This amendment is related to the amendment made by sub-clause (d) (ii) (b).

(ii) This amendment is consequential on the amendment made by clause 4(ii) (b).

(i) This provides that the notice regarding the change of the method of charge shall also be given to the State Electricity Board and the Electrical Inspector.

(j) This amendment is consequential on the amendment made by clause 4(ii) (b).

(k) This amendment is consequential on the amendment made by sub-clause (g).

(l) This is a clarificatory amendment only.

(m) This amendment is consequential on the amendment made by sub-clause (l).

FINANCIAL MEMORANDUM

Section 36 of the Indian Electricity Act, 1910 (9 of 1910) empowers the Central Government to appoint Electrical Inspectors in relation to mines, oil-fields and railways. Under clause 26 of the Bill, read with clause 3 (ii) of the Bill, the Central Government is further being empowered to appoint such Inspectors to examine and test any works or electric installations belonging to, or under the control of, the Central Government in all the remaining departments, e.g., aerodromes, telegraphs, broadcasting stations, and any works of defence, etc. The proposed amendment would involve a recurring expenditure of approximately rupees two lakhs per annum, in addition to a non-recurring expenditure of rupees twenty thousand.



LOK SABHA

A BILL

further to amend the Indian Electricity Act, 1910.

The President has, in pursuance of clause (3) of article 117 of the Constitution of India, recommended to Lok Sabha the consideration of the Bill.

M. N. KAUL,
Secretary.

*(Hafiz Mohammad Ibrahim,
Minister of Irrigation and Power).*