

[7 August, 2001]

RAJYA SABHA

SHRI SANTOSH BAGRODIA: Sir, you asked me to conclude; so, I concluded.

MR. CHAIRMAN: You know, half-an-hour was allotted to your party. You have taken the full time of your party. Since this is a very important subject, it does not matter.

SHRI SANTOSH BAGRODIA: Pardon me, Sir. I think, I have taken only 20 minutes.

MR. CHAIRMAN: Now, there are 8 Members who want to speak.

AN HON. MEMBER: We can take it up after lunch.

MR. CHAIRMAN: Okay. We will take it up after lunch. Now, we adjourn for lunch and we will meet at two O'clock.

The House then adjourned for lunch at fifty-nine minutes past Twelve of the clock.

The House reassembled after lunch at four minutes past two of the clock, THE DEPUTY CHAIRMAN *in the Chair*.

### **THE ELECTRICITY REGULATORY COMMISSIONS (AMENDMENT) BILL, 2001 CONTD.**

THE DEPUTY CHAIRMAN: Now, we continue with the discussion on the Electricity Regulatory Commissions (Amendment) Bill, 2001. Shri Ramdas Agarwal,

**श्री रामदास अग्रवाल** (राजस्थान): उपसभापति महोदया, विद्युत मंत्री जी ने जो विद्युत विनियामक आयोग संशोधन बिल 2001 प्रस्तुत किया है, मैं उसका समर्थन करने के लिए खड़ा हुआ हूँ। महोदया, वैसे यह बिल स्टैंडिंग कमेटी में डिस्कस हो चुका है और दोनों सदनों के सदस्यों ने इस पर अपने विचार विस्तृत रूप से प्रकट किए हैं और उसके पश्चात लोकसभा से यह बिल पास हो चुका है और आज यह हमारे सामने आया है। महोदया, मैं इस बिल का समर्थन करता हूँ।

उपसभापति महोदया, 1998 में इलेक्ट्रिसिटी रेगुलेटरी कमीशन बिल पारित हुआ और अस्तित्व में आया। उसके पश्चात अनेक प्रांतों ने इसके मुताबिक अपने यहां रेगुलेटरी कमीशन बनाए। अभी लगभग 14 या 15 स्टेट्स में ये कमीशन बन चुके हैं। महोदया, मंत्री जी ने जो विधेयक रखा है, उसमें केवल साधारण सा प्रावधान है कि जो छोटी स्टेट्स हैं, जो ऐसे रेगुलेटरी कमीशन की भारी भरकम व्यवस्था के बोझ को वहन करने में असमर्थ हैं, उनकी तरफ से यह

सुझाव आया था कि हमें इस प्रकार की अनुमति दी जाए कि हम संयुक्त रूप से एक कमीशन बना लें, इस विधेयक में यही प्रावधान किया गया है। इसमें किसी तरफ से विरोध का कोई सवाल नहीं है क्योंकि जो हमारे उत्तर-पूर्वी सीमावर्ती प्रदेश हैं, उनको इस प्रकार की सुविधा से वंचित न रखा जाए और वे भी इस प्रकार के रेगुलेटरी कमीशन के माध्यम से अपना काम कर सकें, इसके लिए विद्युत मंत्री जी ने यह विधेयक रखा है।

महोदया, मैं इस बिल का समर्थन करता हूँ लेकिन मैं विद्युत मंत्री जी से यह कहना चाहता हूँ कि देश में बिजली के उत्पादन और उसकी खपत में बड़ा अंतर है। अनेक स्टेट्स में तो बिजली की बहुत कमी है और उसके कारण वहां पर औद्योगिक विकास भी नहीं हो पाता और गांवों में भी बिजली नहीं पहुंच पाती और अगर पहुंच जाती है तो किसान को नहीं मिल पाती, मिलती है तो 2-3 घंटे मिलती है, 8 घंटे बिल्कुल नहीं मिलती। उसके कारण कृषि उत्पादन पर, औद्योगिक उत्पादन पर असर पड़ता है और उपभोक्ताओं को भी बहुत सारी कठिनाइयों का सामना करना पड़ता है। यह एक वास्तविकता है और हम सब इसे जानते हैं। जब-जब भी इस सदन में विद्युत मंत्री उपस्थित होते हैं तो यह सवाल उठाया जाता है कि हम कब अपने बिजली के उत्पादन में आत्मनिर्भर होंगे और कंज्यूमर्स तक बिजली को ठीक दोमों पर पहुंचा सकेंगे?

उपसभापति महोदया, मैं इस बारे में दो-तीन बातें आपके सामने निवेदन करना चाहता हूँ। पहली बात तो यह है कि रेगुलेटरी कमीशन बनाने का जो उद्देश्य था, वह यह था कि हम बिजली के उत्पादन के क्षेत्र में, वितरण के क्षेत्र में कुछ इस प्रकार की व्यवस्था लागू करें ताकि इसके उत्पादन, वितरण और ट्रांसमिशन में जो गड़बड़ियां होती हैं, उनको रोका जा सके। मैं विद्युत मंत्री जी से यह जानना चाहूंगा कि क्या उन्होंने सब स्टेट्स जहां पर यह विद्युत आयोग बने हैं, रेगुलेटरी कमीशन बने हैं उन्होंने इस प्रकार के फैक्ट्स इकट्ठे किए हैं कि उनके कमीशन बन जाने के बाद, बाईफरकेशन, ट्राइफरकेशन हो जाने के बाद उन आयोगों ने दाम बढ़ाए? यह तो आप जानते हैं कि विद्युत के दाम बढ़े हैं कई स्टेट्स में। लेकिन विद्युत मंत्री जी से मैं यह जानना चाहूंगा कि इन आयोगों के बनने के बाद वितरण व्यवस्था में, ट्रांसमिशन में जो चोरी या ट्रांसमिशन लॉस होता है उसको उन्होंने कितना कम करने का प्रयास किया है? यदि यह आयोग अपने इन कामों में असफल रहते हैं और केवल अपने आपको चलाने के लिए विद्युत उत्पादन के साथ-साथ वितरण की व्यवस्था, ट्रांसमिशन की व्यवस्था में भी बहुत बड़ा सुधार होना आवश्यक है और अगर वह सुधार नहीं हुआ तो उसके उद्देश्य की पूर्ति नहीं होती। विद्युत मंत्री जी, आप कृपा करके इस प्रकार के फैक्ट्स इकट्ठा करने का प्रयास करें कि किन स्टेट्स में कितना दाम बढ़ाया गया और उसके बाद उन स्टेट्स में कितनी चोरी रोकी गई और जो ट्रांसमिशन लॉस हो जाता है उसमें उन्होंने कितना सुधार किया? मैं विद्युत मंत्री जी से चाहूंगा कि इस मामले में हमको ठोस कार्रवाई करनी चाहिए अन्यथा यह जितने आयोग बने हैं, विनियामक आयोग यह केवल दरें बढ़ाने की मशीनरी बन कर रह जाएंगे और फिर इनसे आप और हम कोई क्वेश्चन भी नहीं पूछ पाएंगे। उपसभापति महोदया, मैं यह जानना चाहता हूँ कि आपने जो इस बिल को रखा है उससे संबंधित बात नहीं है, लेकिन हमने जो पॉलिसी विद्युत के मामले में बनाई है, रेगुलेटरी कमीशन के माध्यम से इसको चलाने की व्यवस्था बनाई है उस व्यवस्था पर अंकुश किस का है? जनता का है, राज्य सरकार का है, केन्द्र सरकार का है, पार्लियामेंट का है? रेगुलेटरी आथारिटी इतनी स्वच्छंद और स्वतंत्र है कि इससे हम किसी प्रकार से कभी मौका आने पर क्वेश्चन नहीं कर सकते।

अगर इस प्रकार की व्यवस्था बन गई है या बनादी गई है या उसका कोई इंटरप्रिटेशन इस प्रकार से लिया गया है कि वह रेगुलेटरी आथारिटी स्वतंत्र है और वह जो चाहे कर सकती है तो इस आधार पर मैं इस संबंध में सरकार से निवेदन करना चाहूंगा कि हमें समय रहते इस प्रकार की व्यवस्था को कायम करना चाहिए क्योंकि यह बिजली का जो काम है यह केवल उद्योग से संबंधित नहीं है, यह किसान और आम आदमी से भी उतना ही संबंध रखता है। यह किसी एक वर्ग से संबंधित विषय नहीं है यह करोड़ों देशवासियों के साथ संबंध रखने वाला विषय है। ऐसी रेगुलेटरी आथारिटी को हम इस प्रकार की स्वच्छंदता पार्लियामेंट के किसी कानून के माध्यम से देना नहीं चाहेंगे। जब कोई गड़बड़ी हो या वह रेट अनावश्यक रूप से बढ़ाएं या लोगों के ऊपर भार डालें और उससे हम कोई क्वेश्चन न कर पाएं तो ऐसी व्यवस्था को यह देश स्वीकार नहीं करेगा, इसको किसान, इसको उद्योगपति या कंज्यूमर भी स्वीकार नहीं करेगा। इसलिए मैं निवेदन करना चाहूंगा कि समय रहते ऐसे विनियामक आयोग के बारे में हमें पुनर्विचार करना चाहिए, समीक्षा करनी चाहिए जिससे पार्लियामेंट संतुष्ट हो सके कि जो आयोग बनाए गए हैं वह अपना काम ठीक प्रकार से या जो उनका उद्देश्य है उसकी पूर्ति हो रही है, बिजली उत्पादन में वृद्धि हो रही है, बिजली वितरण में जो लोगों को ठीक ढंग से बिजली मिलनी चाहिए, क्वालिटी आफ पावर मिल रही है या नहीं मिल रही है, ठीक दाम पर मिल रही है या नहीं मिल रही है, इन सारी बातों की उपसभापति महोदया, जब तक हम किसी प्रकार की समीक्षा नहीं करेंगे तो विनियामक आयोग हमारे लिए बोज़ बनकर रह जाएंगे। इसलिए हम इस बात की सावधानी रखें। उपसभापति महोदया, आपने घंटी बजा दी है लेकिन मेरे से पूर्व वक्ता श्रीमान संतोष बागड़ोदिया जी ने तो बहुत बातें कही हैं। मैं उनकी जिनती बातें तो जानता नहीं हूं क्योंकि वह स्टैंडिंग कमेटी में मेंबर थे और उन्होंने सारे देश से जानकारी इकट्ठी की हैं। लेकिन मैं एक और विषय विद्युत मंत्री जी के सामने लाना चाहता हूं कि इस समय उद्योग बड़े संकट के काल से गुजर रहा है। हम प्रतिस्पर्धा के युग में जा रहे हैं, हमारे ऊपर संकट हैं और हमें दुनिया से प्रतिस्पर्धा करनी है। उपसभापति महोदया, जब तक हम अपने बिजली के उत्पादन को इस प्रकार की स्थिति में नहीं लायेंगे कि दुनिया के देशों से हमें उत्पादन के अंदर मुकाबला करना है दामों में, प्राइसेस में, क्वालिटी में तब तक हम मुकाबला नहीं कर सकते हैं। हमारी बिजली की दरें जो पहले दो रुपये थीं अब तीन रुपये, फिर चार रुपये हो गई हैं और कई जगहों पर मैं जानता हूं कि ये साढ़े चार रुपये और पांच रुपये के आसपास भी चली गई हैं। ...**(व्यवधान)**... इंडस्ट्रियल पावर टैरिफ भी बढ़ता जा रहा है। ये उद्योग —धंधे दुनिया के और उत्पादों के साथ मुकाबला नहीं कर पा रहे हैं और जब तक वे मुकाबला नहीं कर सकेंगे तो फिर हमारे उद्योग धंधे यहां पर ठप्प हो जायेंगे। उनका एक्सपोर्ट बंद हो जाएगा, उनका उत्पादन बंद हो जायेगा। इसलिए हमारे लिए बहुत आवश्यक है कि हम विद्युत के उत्पादन को उसी सीमा में रखें जिससे वह हमारे लिए दुनिया के बाजार में कम्पिटिवनेस पैदा कर सके। उपसभापति महोदया, आपने मुझे बोलने का मौका दिया है इसके लिए मैं आपका आभारी हूं। इस बिल को लाने के लिए मैं विद्युत मंत्री जी को शुभकामना देता हूं। वह नौजवान मंत्री है और देश की विद्युत को वे जरूर इम्प्रूव करेंगे, ऐसा मुझे विश्वास है और उनके नेतृत्व में जरूर बिजली का उत्पादन बढ़ेगा और वितरण में भी फायदा होगा और वे इसके दामों में कमी करने का प्रयास करेंगे। धन्यवाद।

**उपसभापति:** जितने यंग हैं उतने ही बल्ब तेज जलेंगे।

**श्री रामदास अग्रवाल:** मैडम, लेकिन उसमें एक रिस्क है कई बार तेज जलते-जलते बल्ब...

**उपसभापति:** आप क्यों अशुभ बात बोल रहे हैं?

**श्री रामदास अग्रवाल:** मैडम, मैंने अशुभ नहीं कहा।...(व्यवधान)...

**श्री संघ प्रिय गौतम (उत्तरांचल):** मैडम, पार्लियामेंट की भी दो-तीन बार बिजली चली गई, इस सदन की भी चली गई।

**उपसभापति:** दिल्ली में जो बिजली की समस्या है उस पर तो आपको ध्यान देना ही चाहिए। हम आपके इस बिल को पास कर देंगे। अगर हम इस बिल को घर जाकर पढ़ेंगे तो अंधेरे में कैसे पढ़े सकेंगे?

**श्री रामदास अग्रवाल:** ये दो हैं। एक तो ये हैं और दूसरी श्रीमती जयवंती मेहता हैं। दो बल्ब एक साथ जलते हैं।

**उपसभापति:** दोनों ही मेरे स्टेट के हैं। श्री दीपांकर मुखर्जी।

**SHRI DIPANKAR MUKHERJEE (West Bengal):** Madam, as far as this Bill is concerned, it has a very restricted limit, and that is regarding Joint Electricity Regulatory Commissions for smaller States. This Bill has also gone through the Standing Committee. Though the first speaker is a Member of the Standing Committee, he took more than half-an-hour explaining things. I would only restrict myself to three or four points regarding the Regulatory Commission's working because this is the opportunity when we are reviewing a little about the working of the Electricity Regulatory Commission. One thing should be clarified. When I was a Member of the Standing Committee, there was a report in this House regarding new policy initiatives in the power sector. And there, the Government of India, the Ministry of Power, had said this. It is not as if this regulatory commission is something new which has come because of what you call the 'reform'. The Ministry of Power was saying at that time itself, "In India, the Central Electricity Authority constituted under section 3 of the Electricity Supply Act, 1948 acts as the chief regulatory body." The Committee also, during its deliberations, came to the conclusion that certain more regulatories were required because the private sector was also coming in. The model was the United States and even the U.K. I am talking about regulators. From the way the regulatory commission is functioning in this country right now, it appears that it is not an electricity regulator but a tariff regulator. It is actually a tariff regulator. Its objective needs to be reoriented. We are never in favour of a regulator. We were also told that the CEA could be re-oriented. This was the idea of the Ministry of Power in 1995-96. The Ministry of Power had also indicated that they wanted to reorient the CEA to act as a regulator. Afterwards, there has been a change.

I was told, the Minister of Power had gone to Canada. I suggest that you see the functioning of the electricity regulator in the U.K. The gentleman's name was 'Little Child'. He became a famous figure. It was not for tariff regulation there. It is not on what the NTPC or any private company will charge. There are important components of power which the regulator has to take care of vis-a-vis safety, conservation, energy audit, etc. Unfortunately, there is an interim period which is right now going on, which is not very healthy, regarding the powers of the CEA as a regulatory authority and the role of the Regulatory Commission.

If the Regulatory Commission works only for controlling the tariff, then it can be specifically called a Tariff Commission, rather than a Regulatory Commission. I feel that it requires to be reviewed, i.e. what work you want the Regulatory Commission to perform, and it is a very important matter right now.

So far as grid safety is concerned, a sort of anarchy prevails. I know that the Central Electricity Regulatory Commission had intervened in two cases. One was when the Northern Grid collapsed, and the other was when the Eastern Grid collapsed. But this activity of the regulator has to be clarified. Specific powers should be given to them. You have to specify as to who is going to control the safety in the system; whether it is the CEA or somebody else. Till the Electricity Regulatory Commissions Act is amended, I think, the CEA should be given powers to control the safety since a sort of anarchy is going on on high frequency of electricity fluctuations in the country. This is my first point.

My second point is that the norms for energy consumption and energy audit also require a regulation. How it is going to be taken care of should also be specified.

The third thing is that it cannot be an independent body. I do not know when the Minister talked about politics; it was an off-the-cuff remark. We are all politicians here, but there is a general trend today to denounce politics, as if everything in politics is bad. But that is not correct because the socio-economic will of the country is reflected through the politicians, good or bad. System cannot have independence. No one is working independently. It is not that an independent body is working in a vacuum. So, there should be accountability to the Parliament because this Act has been enacted by the Parliament. A review of the functioning of the

Electricity Regulatory Commissions in the State Legislatures and at the Centre should be done. It should be done everywhere. They should give a report on what has been done and what has not been done. All this should be sent to the Parliament. I now find a change, and I am very happy because, when there was a talk going on on the Regulatory Commissions, both the sides were talking only of their independence and commercial viability; but that cannot be the sole objective. The socio-economic objective, as enshrined in the Constitution, has to be controlled by the politicians.

So far as the tariff is concerned, it cannot work independently because that will create social anarchy in the whole country. In that case, these Regulatory Commissions have to have some sort of accountability to the elected representatives of the people. I am sure this part also would be taken care of. An idea should not percolate to the Commissions, either at the State level or at the Central level, that they are independent in taking any decision, irrespective of the socio-economic impact on the nation. Thank you very much, Madam.

SHRI P. PRABHAKAR REDDY (Andhra Pradesh): Madam, I support the Electricity Regulatory Commissions (Amendment) Bill, 2001, as passed by the Lok Sabha. This has a limited purpose, to create Joint Regulatory Commissions for smaller States. They cannot afford to have an independent regulatory authority for themselves. Madam, nobody denies the useful purpose of power reforms, unbundling of the State Electricity Boards and bringing financial viability to the State Electricity Boards. In this context, the creation of a regulatory authority is a welcome step. Therefore, I wholeheartedly support it.

Today, the financial position of the State Electricity Boards in the country is very bad. Maybe, to say that it is very bad is an understatement. The dues that the State Electricity Boards owe to the Central power companies is something of the order of Rs.41,000 crores. From where are these State Electricity Boards going to find this money to repay the dues to the Central power companies? Madam, this is one problem.

The other problem is that, even today, 80,000 villages in our country are going without power. They have no access to power. An enormous amount is required to provide electricity to these 80,000 villages.

That is not the only thing. Even in those villages, where power supply is there, power supply is very erratic and the quality of power is very

poor. The Government should have a concrete plan for improving the position. It should not only produce more power but also improve the quality of power. The power that it produces must be of high quality. I would like to know from the hon. Minister - the Electricity Regulatory Commissions Act has come into force three years ago - how many States have got the Electricity Regulatory Commission and how the Electricity Regulatory Commissions are functioning and whether they are doing what is expected of an Electricity Regulatory Commission. I would also like to know from the hon. Minister the incentives that are given to the States which are following the reforms and the disincentives that are given to the States which are not following the power reforms. I request the hon. Minister that in this matter the Centre should adopt the carrot and stick policy. The Centre should reward the States which are following the power reforms. This will go a long way in correcting the mistakes.

Madam, I would like to mention another important thing. The Government's endeavour should be not only to produce more power but also to produce power which the people can afford. The other day, the hon. Minister, while replying to a question in this House, stated, "We are confident of producing power. I don't know whether the people will be in a position to buy it. It depends on the economic condition of the people". It is for the Minister to see that the economic condition of the people goes up. I don't think it is the correct approach. The Power Ministry should strive to produce cheap power so that the people can afford to buy it.

Lastly, I would like to say that the Electricity Regulatory Commissions should not confine themselves to mere arithmetic calculations of what the cost is of producing the power and at what rate it should be sold. They should cover the entire gamut of the power sector and pass necessary orders which should be binding on all the State Governments. Thank you.

THE DEPUTY CHAIRMAN: Shri Viduthalai Virumbi. This Bill has got very limited scope. If we expand it, it will become unlimited. So, don't expand it from limited to unlimited. Don't make it unlimited. Otherwise, electricity will fail.

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu) : Madam Deputy Chairperson, thank you very much for giving me this opportunity to speak on the Bill amending the Electricity Regulatory Commissions Act in order to set up Joint Electricity Regulatory Commissions for the States. According to

our knowledge, this Bill has been brought before us because the Government of Nagaland, along with the Governments of Assam, Mizoram and Manipur, had requested the Government of India to establish such a Commission. The spirit behind the setting up Electricity Regulatory Commissions is to make the State Electricity Boards economically viable. The State Electricity Boards owe more than Rs. 40,000 crores to the national corporations, as my predecessor has stated. Exactly speaking, it is Rs.41,473 crores. In order to make these State Electricity Boards economically viable, the Electricity Regulatory Commissions were empowered to fix the tariff. But this alone cannot solve the problem. The transmission and distribution loss, in spite of the monitoring by several agencies, is high.

In 1992-93, it was 21.80 per cent. In 1993-94, it was 21.41 per cent. In 1994-95, it was 21.13 per cent. In 1995-96, it was 22.27 per cent. In 1996-97, it was 24.53 per cent. In 1997-98, it was 24.79 per cent. In 1998-99, it was 25.62 per cent. The statistics were available to us up to 1998-99. If you take the figures of the last three years, *i.e.* 1996-97, 1997-98 and 1998-99, you will find that the transmission and distribution loss was" 24.53 per cent, 24.79 per cent and 25.62 per cent respectively. This clearly shows that in spite of the efforts made by the State Electricity Boards as well as this regulatory body, actually we have failed to control it. The regulatory body came into existence only in 1998. We have to keep this in mind. In the developed countries, the TD loss is between six and twelve per cent. It is not more than 12 per cent in the developed countries.

THE DEPUTY CHAIRMAN: Is this transmission loss or transmission cheating?

SHRI S. VIDUTHALAI VIRUMBI: Madam, in the month of March, a Conference of Chief Ministers and Power Ministers was held in which they came to some consensus regarding energy audit for more than 11 kv feeders, effective management, checking and eliminating the power theft, as the hon. Deputy Chairman just said.

THE DEPUTY CHAIRMAN: Pilferage.

SHRI S. VIDUTHALAI VIRUMBI: The appropriate word is pilferage. I would like to know whether an effective energy audit alone would be able to solve the problem. Is this checking of the power theft going to solve the problem? . So far as the functioning of the Regulatory Commission is concerned, there will be some problem. The Central Electricity Regulatory



Commission stated that in the last decade the established plant load factor was 68.48 per cent. Now the Central Electricity Regulatory Commission has come out with availability-based tariff. So far as the availability-based tariff is concerned, the intention is good. According to the Central Electricity Regulatory Commission, the plant load factor should be 80 per cent. But the National Thermal Power Corporation has not accepted it. If I remember correctly, they had gone to the court also. If there is a conflict between the two bodies which are governed by the Government of India, which body would be the final authority? Somebody has to regulate the Commission. Has the Regulatory Commission got powers to implement whatever it wants to implement? I would like to seek one more clarification. In Maharashtra, the Energy Review Committee was constituted under the Chairmanship of Shri Madhavrao Godbole. After this Committee gave its opinion, another Committee was constituted to go into negotiation based on the observations made by the previous Committee. Shri Madhavrao Godbole was the Chairman of this Committee also. The Government of India nominated Shri A.V. Goka on this Committee. If this Committee comes to some conclusion. I would like to know whether that decision can be overruled by the Central Electricity Regulatory Commission or this will be the final decision.

Then, Madam, this alone is not going to solve the problem. If we want to make it economically viable, then, the Government should concentrate on generating power, as much as possible, through hydel resources. Our neighbouring countries have abundant water and, I believe, they can produce more than 84,000 MW through hydropower. If we establish cordial relations with our neighbouring countries, then, we need not be dependent on the thermal power corporations alone. But what I feel is that the people who are manufacturing equipments for the thermal plants may be the stumbling block in the way of cordial relations with our neighbouring countries. The general feeling could be that in case we produce electricity using river waters, then, we will get it very cheap, and we will not be required to buy equipments from our manufacturers. So, my feeling is that there are some people who are seeing to it that the relationship with our neighbouring countries, say, Bhutan or Nepal, does not get through. They might feel that they would then not be able to sell their equipments in the Indian market...

SHRI SURESH A. KESWANI (Maharashtra) : It is a great discovery by you. We never knew about it.

SHRI S. VIDHUTHALAI VIRUMBI: I am not making any allegation against anybody. We must only see to it that there is no possibility of any interference from these people.

Apart from this, the Electricity Regulatory Commission must concentrate on rural electrification. Mere tariff alone is not going to solve the problem; development of rural electrification is very important. Then, as regards the Accelerated Power Development Programme, an amount of Rs.2,500 crores has been allocated to this programme in the last two years. The Government must see to it that the programme is implemented properly and whether the purpose for which it was established is being achieved. Only when it succeeds, the State Governments can become self-sufficient in power.

Madam, my last point is this. As far as the agriculturists are concerned, there should be no tariff on the power consumed by the agriculturists throughout India. It is not a State problem, but it affects the agriculturists all over the country. With these words, Madam, I support this Bill. Thank you.

THE DEPUTY CHAIRMAN: You are not identifying which section of the agriculturists needs to be given this relief. Is it the landless farmers or the marginal farmers or the rich farmers?

SHRI S. VIDHUTHALAI VIRUMBI: Madam, after the introduction of land reforms, most of the States do not have big farmers. And, in my opinion, we need not classify them. Farmers are farmers. The relief must be given to all the farmers.

THE DEPUTY CHAIRMAN: Yes, now, Shri Prem Chand Gupta.

SHRI PREM CHAND GUPTA (Bihar): Madam, I had no intention of speaking on this Bill..

THE DEPUTY CHAIRMAN: Then, withdraw.

SHRI PREM CHAND GUPTA: But looking at the...

SHRI SURESH A. KESWANI: Then, what was the provocation?

SHRI PREM CHAND GUPTA: Actually, when I met Mr. Suresh Prabhu in the lobby, he wished me; he was in a receptive mood. So, I thought, I would, perhaps, make some suggestions...

SHRI SURESH A. KESWANI: ...in the interest of the nation.

SHRI PREM CHAND GUPTA: Yes, in the interest of the nation, I thought I would say something. First, I fully pass on my compliments to the Minister. Madam, Shri Ramdas Agarwalji has raised certain issues.

Madam, Shri Ram Das Agarwalji has raised certain issues. They are very relevant issues. I would appreciate if the hon. Minister takes these issues seriously because we are heading for a free-market economy and our industry has to face global competition. In industry, power is a major component or raw material and it plays a very important role in the cost of production. Our trade and industry is already suffering because of our power being one of the most expensive in the world. I had the privilege of going to China under your leadership, Madam. One thing that we noticed there was that the tariff was just half of what we have. And that is how Chinese exports are so competitive. What you need to look into, Mr. Minister, is why our cost of production is high. There are certain reasons for this. One is that our basic cost of projects is inflated, whether it is the private sector or the public sector. The cost of our projects is inflated. It is very unfortunate that we talk about transparency and so on, but the fact remains that our cost of power projects per megawatt, whether it is hydel projects, thermal projects or gas-based projects, is the highest in the world. And, thereby the cost of production...

**श्री रामदास अग्रवाल:** उपसभापति महोदय, एक बात जरूर रिकार्ड पर रहनी चाहिये। एन.टी. पी.सी. की पावर प्रोडक्शन कास्ट आज भी बहुत अच्छे ढंग से हैं उसके दाम बहुत अच्छे हैं, कंपेयर्ड टू अदर स्टेट्स बहुत रीजनेबल हैं और उसी के हिसाब से एन.टी.पी.सी. की पावर ले कर स्टेट्स उसको बहुत ज्यादा दाम बढ़ा कर ट्रांसमिशन के नाम पर, अपनी बिलिंग कास्ट के नाम पर उसको महंगा कर देती है।

SHRI PREM CHAND GUPTA: Well, Ram Das Agarwalji, I have nothing against the NTPC. I do appreciate that the NTPC is doing a good job. But you please understand one thing, and you will agree with me that when NTPC started taking up this project, at that time, the cost per megawatt was very low and their plants are more or less depreciated. Once the plants are depreciated, then the cost has to be low. So, coming back to my point, the hon. Minister needs to understand and look into certain aspects of why our cost of production of power per unit is high. One is the inflated cost. The second is the time taken is too long and, therefore, the cost escalation is there. The NTPC or the NHPC or other utilities take up projects and complete them in eight to ten years, especially a hydel project, whereas in China or other countries it is done in just three years or even in less than three years. So, the interest burden has to be there.

The other point why it so happens is because we go in for small projects. We read in newspapers everyday that Himachal Pradesh is inviting applications for hydel power projects of 1 MW, 600 KV, 1.5 MW, 2 MW and so on. In China and other countries, a single project would be around 2000 MW to 10,000 MW. Then, how do we expect to compete with them? Has anybody thought about it? We are talking about hydel power projects of 1 MW, 600 KV, 500 KV! This is one of the factors, Mr. Minister, that I would request you to look into. Another thing is about thermal power projects. Some time ago, your predecessor, Mr. Kumaramangalam, said that in future we would set up super thermal power plants at the pithead itself. That is a good idea. I had also suggested this when I was in the Standing Committee on Power. But nothing has been done so far. A thermal power project can be set up in Bihar or Jharkhand or Chattisgarh or Andhra Pradesh at the pithead. But we are setting up a thermal power project in Punjab or in Haryana. In addition to pollution, the coal has to be carried all the way. Why can't we set up a power plant at the pithead itself, which would save the continuous cost of transportation?

SHRI SANTOSH BAGRODIA: As a matter of policy, no new plant is coming up.

SHRI PREM CHAND GUPTA: Well, if it is so, it is good. Maybe, it is lack of knowledge. But, I thought I should bring it to the notice of the Minister.

Gas-based power plants are coming up, say, in Delhi, or, in Haryana, or, in Punjab, or, in Uttar Pradesh. Why can't we have a large capacity power plant, based on gas, at the seaport itself so that the gas does not have to be carried? So, it is a question of planning. There is no planning. When you take up power plants in the Central sector, it is desirable that all these factors are taken into account so that our cost of production is lower; so that our industry can compete with the world industry. Otherwise, Mr. Minister, the way power tariff is being increased, at the moment, I won't be surprised if it is seven rupees in the next two-three years. Once it is seven rupees, we can very well close down our industries. We are already out of competition in some areas.

Madam Deputy Chairperson, we are exporting our ore. The ore is exported to a second country. From that ore, steel is produced; and it is exported back to India. Why? It is because, their cost of production is lower. Power is one of the main factors in that.

Madam Chairperson, I don't want to take much time of the House, but I would like to make a small point. You see, you have the Central Electricity Authority. I don't understand the rationale behind having this another regulator. Won't you be increasing your cost? After all, this money has to be paid for by someone. Either you wind up the CEA or you don't have this new regulatory authority. So, I would like to know the difference between these two.

Madam, I have one more point to make. Since the Government has taken a decision to appoint these Regulatory Commissions, please make sure that the powers are not misused by them, because most of the persons in these Regulatory Commissions are retired gentlemen; they have no commitment; they are not concerned with what is required and what is not required. Their concern is to get a job and carry on forever.

SHRI KHAN GHUFRAN ZAHIDI (Uttar Pradesh): They keep themselves engaged there.

SHRI PREM CHAND GUPTA: Yes, they remain there, without any commitment. So, please make sure that these authorities do not become a white elephant, as far as our electricity system is concerned. Thank you very much, Madam.

THE DEPUTY CHAIRMAN: How much is the Enron power going to cost finally?

SHRI SURESH PRABHU : Madam, it depends on the utilisation of the plant load factor. It could cost anywhere between four rupees to, maybe, seven-eight rupees, depending on the utilisation of the plant load factor.

THE DEPUTY CHAIRMAN: How?

SHRI SURESH PRABHU: Because there is a fixed cost and a variable cost. If the plant load utilisation is lower, obviously, the full recovery of the fixed cost does not take place, and the ultimate tariff goes up.

SHRI SURESH A. KESWANI: Is the plant in your constituency?

SHRI SURESH PRABHU: No, it is not in my constituency.

THE DEPUTY CHAIRMAN: It is in the adjacent constituency, not in his constituency.

SHRI PREM CHAND GUPTA: Madam, in the year 2003, it would cost seven rupees.

THE DEPUTY CHAIRMAN: I think so. If it was in his constituency, it would have been cheaper.

SHRI RAMACHANDRA KHUNTIA (Orissa): Thank you, Madam Deputy Chairman, for giving me this opportunity. Madam, this Bill, the Electricity Regulatory Commissions (Amendment) Bill, 2001, I think, was not necessary at all, at this stage. If you look at the electricity reforms, you have to look at Orissa. It was the first State in the whole country which has accepted the electricity reforms and got a Bill passed in its Assembly. Ultimately, the reforms were undertaken in the State of Orissa for the first time, as a model State. It undertook the reforms, as has been said by others, perhaps, for the benefit of the State, for the benefit of the general public. This was also welcomed by all sections of the people, especially, in Orissa.

I say that introduction of this Bill is not useful because, Madam, if you look at today's newspapers also, it is clear. The CAG has given a report to say that because of mismanagement and economic irregularity, there is a loss of Rs. 3,000 crores by GRIDCO. It has appeared in 'Dharitri', a Oriya language newspaper, in the front page. In another newspaper, 'Sambad', it has appeared that 16 MLAs have alleged that CESCO, a private company, which is managing the power distribution in South Orissa, is charging more as additional security, not only for the new connections but for the old connections also.

I would like to ask: What for you have brought this Bill, for joint regulatory commissions? For whose interest? Is it in the interest of the Central and the State Governments? Is it in the interest of the general public? Is it in the interest of the State as a whole? Or, is it in the interest of a limited number of individual entrepreneurs who get benefits out of it? As has been said, the main intention of the electricity reforms and forming this Central Electricity Regulatory Commission has not proved useful. It has been proved that this Commission had used its powers only to increase the power tariffs. In my own State, Orissa, if you look at the rates three years before, when the reforms were just undertaken, and now, when the tariffs have been revised, you will find that the tariffs are four times more than they were earlier. Our Scheduled Caste/Scheduled Tribes in the villages are not getting electricity. Out of 24 hours, there is no electricity for 10-12 hours.

Yet, the power rates are going up. On the other hand, because of financial mismanagement and irregularities, GRIDCO, the State owned public sector, which accepted the reforms, is having a loss of Rs. 3,000 crores. This is the state of affairs now.

As far as the NTPC is concerned, I fully agree with the Minister. Of course, Shri Prem Chand Gupta was saying a different thing altogether. I do agree that the NTPC, a public sector company, is doing a marvellous work. It is very successful in Orissa. It took over the Talcher Thermal Unit. It had an installed capacity of 400 MW, but it was generating only 78 MW. When the NTPC took over, there were 2300 workers working in it. Now only 1300 workers are there in it. Yet, with 1300 workers, they are able to generate 80% of the installed capacity.

I feel, we must give all encouragement to the NTPC, because they are doing a marvellous work. But the Regulatory Commission would come in the way of the activities of the public sector companies who are generating power. Indirectly, it is encouraging the private sector who neither generates power well nor does the distribution job properly nor does justice to the poor public.

You are talking about the marginal farmers and landless farmers. How do we do justice to these landless farmers, marginal farmers, the Scheduled Caste people and poor people, who live below the poverty line, whose number is 47% of the population in our State. When the electricity rate is so high? Electricity is the main thing for various other things, for industry, for farming and for everything else.

Madam, I know my time limit. I know I do not have much time. But with regard to the composition of the Commission, its chairman and members, I would like to submit that no retired persons should be appointed on any of the committees like regulatory Commission which have been given power by the Parliament. It is high time that the hon. Minister and the Parliament took a decision and enacted a law that none of these persons shall be exempted for being responsible to the Parliament. They should be responsible to the parliamentary system which is supreme in our country. If they are not responsible to the Parliament, then they would only play into the hands\* of a few people. With these words, I would once again urge upon the Minister to take an appropriate decision so that the aims and objectives of power reforms are fulfilled and the general public and our State

**3.00 P.M.**

gets its right and benefit which it ought to get from these reforms. Thanks you.

SHRI V. V. RAGHAVAN: Madam Deputy "Chairperson, I fully appreciate the energetic, youthful Power Minister for his all out efforts to energise the power sector. Madam, I am afraid the ERCs and some many other authorities have been unable to solve the problems which we face now. When the late Kumaramangalam was piloting the ERCs Bill, some of us pointed out that the ERCs would create more problems than solving any. That has proven correct. Madam, the NTPC is the most important production unit for power generation. The ERC has dragged them to court and the CMD is held up there. Madam, what is the achievement? Earlier the transmission and distribution loss was 21.13 per cent and now the ERCs have taken it up to 26.45 per cent. Madam, as you have correctly pointed out, theft is going on and the ERCs have done nothing to curb all these things. Madam, the Power Minister is very much interested in the production of power. The cheapest power available in the country is the hydel power. There are possibilities for exploiting the sources of hydel power. The main obstacle is the Ministry of Forests and Environment. We are all environmentalists. We know the state of globe itself. We have to see how much forest has to be reserved, how the environment can be protected and how hydel can be utilised in India. So, hydel projects have to be gone through. I request the hon. Minister to deal with the Ministry of Environment and Forests and get some immediate projects cleared so that people can get the cheapest power. Madam, 69 per cent of our villages are without power even after 54 years of Independence. We have to supply them power. Power is the key for any development. But most of our villages are without power. How can we boast of any development without power? So, the most immediate task is to take power to the villages. Sir, hydel power is the most easiest way to supply them power.

Madam, the World Bank and the FDI people are putting conditions for assistance. They are not coming here to help us. They are coming here to earn profits and *loot* us. The setting up of CERC and various other authorities is one of the conditions of the World Bank. They are putting obstacles. We have got the most energetic and young Power Minister. He knows the people and the people know him. He can take the people, who are producing or generating power -- the workers, the engineers and the State Electricity Boards -- into confidence and move forward. You can



generate power through various methods. I am afraid, he wants to go forward with them, but the power policy of the NDA Government is not letting him to go with them. We have the manpower. It is an asset. Our workers are more devoted to the country and to the people. Our engineers are devoted to the country and the people. You take them into confidence because they are the people with whose help you can solve the problems of theft and transmission and distribution losses. They can fight for you, but not these, as my colleague has rightly put it, "white elephants." They are creating more problems than solving any problem. Madam, you may be offended with what I am saying. Please excuse me. What I want to request the hon. Minister is to withdraw this Bill. No more authorities please. If you can convince your colleagues in the Cabinet and the hon. Prime Minister, please repeal the ERC Act to pave the way to go forward and try to electrify the villages. Now, we are speaking here for the 30 crore Indians. But we are ignoring the remaining 72 crore people who are living in the villages. India does not consist of only 30 crore people. Madam, 72 crore people have been ignored. They go without light and electricity. They go to bed without food. They have no job. They do not have a shelter over their head. We have seen on the Television the plight of our people. These authorities, this CERC and others, as my learned friend has said, are all worried and bothered about the 30 crores of the well to do people in the ' - country. They do not see the real India, the real plight of India.

If you look at the environment aspect, I would submit, see the plight of Delhi. The Supreme Court is very much bothered about the environment and pollution of Delhi..(*Time-bell*)...

THE DEPUTY CHAIRMAN: Would you please conclude now?... (*Time-bell*)...

SHRI V. V. RAGHAVAN: Thousands of diesel vehicles are converted into CNG vehicles. There is no CNG..*(time-bell)*...There are no filling stations and the people are put a lot of hardship. That is why I request the hon. Minister; you can do it, I believe. These authorities are a hindrance in solving our problems in the power sector. Thank you.

THE DEPUTY CHAIRMAN: Now, Shri S.S. Chandran. He will speak in Tamil. It is his maiden speech. But that does not mean that he can go on and on. Mr. Chandran, you have to stick to the time allotted to you and do not give me an opportunity to press the time-bell.

SHRI S. S. CHANDRAM (Tamil Nadu) :Madam, Deputy Chairperson, I feel proud for having become a Member of Parliament when you are the Deputy Chairman of this August House. I am happy to see your goodself adorning the chair.

I thank you madam for giving me this opportunity to speak on the Electricity Regulatory Commission Amendment Bill on behalf of my AIADMK party . This is my maiden speech and I am speaking in Tamil.

Madam, I have acted so far in 700 films doing the role of comedian.'As an actor I have visited several countries. However, it is for the first time now that I had a full view of Rajya Sabha. Earlier, I had a chance to sit in the visitors gallery and watch the proceedings for six minutes. But now I have come to this House for a six years term. I take this opportunity to express my profound sense of gratitude from the bottom of my heart to my respected leader Dr. Puratchi Thalaivi Amma who has sent me to this House. Madam, I am reminded of what the guiding spirit of our movement Dr. Anna once said in humility. I quote: "You are all like the finished towers of temples, but I am like a heap of bricks to be used in construction". This is what I wish to say to all the Hon'ble Members of this august House. I shall strive hard to live up to the expectation of my great leader, who has reposed faith in a person like me who could be compared to a heap of bricks. If there are mistakes in my speech, kindly pardon me treating those mistakes as mine. But if there are good points, constructive criticism in my speech treat them as treasure of my tradition and try to execute them. But madam, kindly do not ring the bell during my speech. When I say tradition, I refer to the tradition of freedom fighters who sprang up to fight for independence. It is the tradition of those brave men I am referring to.

THE DEPUTY CHAIRMAN: I have to ring the bell. Let me remind you. Reading of the speeches is not allowed here. That may be allowed in the films. But not here. Anyway it is a maiden speech, so I am permitting you.

SHRI S. S. CHANDRAM: Thank you, madam. A number of leaders had fought for the independence of our country and many of them had attained martyrdom. I come from the land of Chinna Maruthu and Periya Maruthu, the great patriots who brought glory to Sivagangai Cheemai. The leader of Rationalist Movement, Thanthai Periyar is our father, the North Star

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\* English translation of the original speech delivered in Tamil.

of Tamil Nadu politics Dr. Perarisingar Anna is our big brother and the Hon'ble Chief Minister of Tamil Nadu Dr. Puratchi Thalaivi is our mother.

Madam, yesterday when I was coming to Chennai Airport, a person was going in the wrong side of one-way route. A constable posted there stopped him. At once that person raised his hand to beat the constable. When the stunned constable dared him, he said "look constable I have punched your big bosses. You are too small for me." This is the situation. I say this because of an episode that took place recently. A relative of mine, who has done M.A. is still unemployed. He asked me if I could get him a job using my position as M.P. I immediately said that I could get him a job in the police department. But he refused and said he could join any other department because in police department anything could happen anytime. This is the plight of policemen.

Madam Deputy Chairperson, if friendly relation among States has to prevail, water should not become an issue. We could name a girl as Cauvery and call a God as Krishna, but Cauvery and Krishna issues should not be politicized. Now I wish to refer to the Electricity Regulatory Commissions Amendment Bill. In the amending Bill, Section 21 B subclause (b) provides that the Centre shall be competent to give direction to the states in case of any dispute. I have a doubt regarding this. Supposing a State does not abide by the directions of the Centre, what shall the centre do? I ask this because of a precedent.

Madam, The Cauvery water dispute tribunal passed an interim order on 25<sup>th</sup> June 1991. The Centre also notified that order in the official Gazette. But so far, the government of Karnataka has not obeyed the directions. If this happens in the case of Electricity Regulatory Commission also, what shall the centre do? If a state refuses to abide by its direction, what is the remedy? Will the Centre accept it to be the breakdown of constitutional machinery and resign?

Now I wish to make a few demands to the Hon'ble Minister on behalf of Tamil Nadu. In Tamil Nadu there are 12,619 village panchayats, 385 Panchayat Unions and there are 75,965 habitations under them. Between 1991 to 1996 when my revered leader was the Hon'ble Chief Minister of Tamil Nadu, the power generation was enhanced by 968 m.w. and all the nook and corner of Tamil Nadu was electrified.

Since power generation was not enhanced later, the hilly terrains, forest areas and far-flung regions of Tamil Nadu have been facing low

voltage problem. The districts of Salem, Coimbatore, Erode, Dharmapuri, Nilgiris, Thiruvannamalai and Ramanathapuram are also facing this problem due to which sufficient street lights could not be provided. To provide solar lights to the streets in these areas, Tamil Nadu Government has sought enhanced allocation of funds from the centre. I appeal to the Hon'ble Minister to provide adequate funds to Tamil Nadu Government for this purpose.

Madam, I wish to make a point regarding electricity for agriculture. Electricity is provided free of cost for agriculture in Tamil Nadu. The Government of Tamil Nadu incurs an expenditure of one thousand six hundred crore rupees annually on account of this. But our Hon'ble Chief Minister, Dr. Puratchi Thalaivi Amma made unequivocal commitment to provide free electricity to farmers no matter what comes in the way. But under directions from WTO as a result of globalization, the centre is said to be towing with the idea of putting an end to this free electricity to farmers. I request the Hon'ble Minister to prevail upon the Government to stop such pursuit.

Madam, Terrorism is wide spread in India. We need *rava* for making *upma*. But that is not so easily available. But one can get bullets for rifles very easily. This is the situation. I am happy to have become an MP. At the same time when I think of Phoolan Devi's murder, I could feel a Ihudder in my frame. Should this situation continue? Our late lamented leader Dr. M.G.R. once said: "What resource our country is devoid of, why stretch a begging bowl to other countries?" This is just not a line from a song but an expression of reality. No doubt we should have friendly relations with other countries, but there is no point in spending crores of rupees for a foreign dignitary to just come and see Tajmahal.

Madam, now I come to women right. I feel happy to see your goodself in the chair. We say Bharat mata, not Bharat pita, we ask a foreigner about his motherland and not fatherland. So also a person is asked as to what is his mother tongue and not his father tongue. This is how we glorify motherhood. Madam, to put an end to the practice of female foeticide and infanticide, my leader Dr. Puratchi Thalaivi introduced a noble scheme known as Cradle Baby Scheme in Tamil Nadu under which the Tamil Nadu Government adopts orphaned girl children with warmth and care. We worship Sarasvathy, Lakshmi, Parvathy, Cauvery and Ganga to glorify womanhood. But it is regrettable that we do not give our women their due rights. Madam, my mother who gave me birth endeavoured to

give me good education and wanted to see either M.A. or at least B.A. suffixed to my name. My mother wanted to see those two letters after my name. But unfortunately that did not happen. But my holy mother, Dr. Puratchi Thalaivi, by an act of benevolence, got two letters MP. suffixed to my name. I am beholden to my leader for giving me this honour. I shall endeavour hard to discharge my duties honestly. I wish to make a request to you, Madam, Deputy Chairperson whenever I raise my hand in this House. Kindly permit me for a few minutes so that my voice also echoes in this House now and then. I am happy indeed, Madam to see in your goodself a motherly, a sisterly feeling. Long live the name of Dr. M.G.R. Long live Dr. Puratchi Thalaivi. Thank You.

SHRI SURESH PACHOURI (Madhya Pradesh): Madam, he should be given more time. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Thank you very much. You remember Laxmi, Parvati, and other Goddesses, but you forget to mention the name of 'Durga', whom we worship. I just wanted to find out how Laxmi, Parvati, Ganga, and Durga are connected with electricity. ...*(Interruptions)*...

श्री प्रेम चन्द गुप्ता: मैडम, इन्होंने सात सौ फिल्मों में से कोई डायलॉग नहीं सुनाया। ...*(व्यवधान)*...

THE DEPUTY CHAIRMAN: And the other thing is, the Chair is nobody's relative. But I just wanted to tell you that I am not only a mother, but I am a grandmother also. So, you are welcome to call me 'Grandmother' outside the House, I do not mind. ...*(Interruptions)*... Thank you very much. I thought you could -- you are an actor. Aren't you? But you were reading your dialogues. You were never reading your dialogues in the films. I remember, your Madam Jayalalitha being a Member of this House -- whom you called 'Puratchi Thalaivi' - used to sit here, but she never read her speeches. Next time, don't read, speak. ...*(Interruptions)*... Yes; she won't be happy with you. Now, Shri B.J. Panda. ...*(Interruptions)*...

SHRI B. J. PANDA (Orissa) : Thank you, Madam. Madam, ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Yes; no problem. ...*(Interruptions)*... Because one of their chaps called me 'Amma'. ...*(Interruptions)*...

SHRI B. J. PANDA : Madam, you can hear the sudden rainfall. Even the Heavens are cheering the hon. Member's maiden speech.

THE DEPUTY CHAIRMAN: Yes; I think so.

SHRI B. J. PANDA: Madam, I rise to support this Bill for which I have also moved two amendments. The power reform movement, in our country, started after nearly 50 years of failures, and it is incumbent upon us in this House to be candid and intellectually honest about them. The SEBs have all failed. Let us not beat about the bush; they have all failed. The model itself is, and was unrealistic, because, in one body, you had 'Judge', 'Jury', and 'Hangman', all put together; and the expectations themselves were unrealistic. We had a simple situation for decades where revenues were less than cost. Yes, there are social objectives, and social objectives must be met, but we cannot wish away the difference between revenues and costs. The SEB model that we followed for so many decades simply tried to wish it away, and that is not going to work. Madam, this model, for nearly 50 years, has converted us into a nation of thieves. Let us be intellectually honest and admit that the T&D losses that we have, which, at 24 and 25 per cent, are the highest in the world, and which after reform, after proper accounting are turning out to be double of that. Madam, the questions we have to ask ourselves are : Those weaknesses, those failures which remain in the system today, are they because of these reforms that we have initiated recently, or, despite those reforms not having been pushed far enough? Some apprehensions have been expressed today about the issue of accountability of the Regulatory Commissions which have been set up. I must say here that it is difficult, if not impossible, to expect accountability if we ourselves do not respect accounting.

Simple mathematics is that  $2 + 2$  must be 4, but we have refused to accept that for decades. We have refused to arrange for the shortfall funds in the system, the shortfall between the higher costs and the lower revenues.

I come back to social objectives. I say, yes, we must meet social objectives; but the social objectives must be paid for and we must take conscious decisions in the legislative system and in the Executive to pay for those subsidies.

A question has been raised whether politicians are no more in control of this and whether the aspirations of the people, at large, can be met with these reforms being put into place. The simple answer is: yes. Even now when tariff setting and regulatory authority has been given to independent regulators, the State Assemblies and the Central Government

have the authority to pass laws, to mandate policies, but where those policies require subsidies, they also have the obligation to arrange for those subsidies. If we want these social objectives to be met, we must have the courage and character to recognise this publicly and arrange for those subsidies so that the poor can be provided electricity at a cheaper rate. We cannot expect it to appear out of thin air. We must make an honest appraisal as to the real success or lack of success of reforms so far. And particularly on the regulatory commissions, I must admit that they are only partially successful. But, so far, these are the only areas of success we have had in the reforms movement of the last few years.

Let me address some of these issues. The first and the most important area of success has been in transparency. Before these regulatory commissions were set into place, direct setting was done in dark rooms behind an iron curtain, where the public had no information of how and what was going on. Today, the tariff setting is done in public hearings, where these regulatory commissions are established.

One question had been raised as to how many of them have been established. I have the figure. As on March this year, I believe fourteen States have already framed the Reforms Act" and have installed the regulatory commissions. Transparency is not only in the manner of public hearings, but it is also in speaking orders. The orders of the regulatory commissions have to take into account the representations made by consumers, by farmers, by industries, by domestic sector and account for all of them and reconcile it with public policy as passed in the Central Government and in the State Governments.

This transparency has brought about a noticeable freedom from the interference of powerful lobbies. Yes, tariffs have gone up, but what has also started happening is that tariffs are going up at a slower speed than before.

The other most important thing that is happening is that the cross subsidies which are hidden from public view are gradually removed. The hon. Member, Shri Prem Chand Gupta, has pointed out that we have handicapped the industry in the country. Our industry, on the one hand, is expected to compete with China, and on the other it is expected to compete with the West. Yet, we handicapped the industry by forcing them to subsidise our social objectives without giving them any credit for it whatsoever. The power tariff at Rs.4/- is not the end of it. The power tariff

will end at Rs.7/- or Rs.8/- or even more, if the industry has to pay for the social objectives of other parts of the society. We, as a Government and as a country, have to take these decisions at this level, and not force it upon the industry. The industry has to pay what is the reasonable tariff based on the pool cost of generation.

To continue this honest appraisal, there are three areas in power sector reforms. The most important area is reform in the distribution sector. While the hon. Minister has, on several occasions, pointed out the priorities for this, the fact remains that not much of a major change has happened in that sector yet and we have to put that as the topmost priority to reduce the so-called T and D losses, which are nothing but thefts, and make other arrangements for meeting our social objectives.

The second major aspect of energy sector reform is generation. The fact remains that if we are to be candid about it, we as a country have bossed over it for ten years; we have not allowed a full market economy to be brought in, as a result of which there have been negotiated deals in setting up generation projects, about which questions are raised and are continued to be raised and will continue to be raised for years and years. We all know of the infamous project in Western India where there has been so much debate.

Now, if there was a full market economy, if it had been tendered for, then, I can assure you, Madam, that the fuel utilised for that project would not have been high cost imported fuel, but because of the MoU, such a project has been allowed to come up. In a full market economy, nobody will put up a project unless its basic costs are in line with what the market is willing to pay. There is enough opportunity in our country to build projects small, medium as well as mega projects, based on the domestic fuel which will be cost-effective.

The third and most important wing of reform is the regulatory wing which I have been talking about. I have talked about the areas where regulatory reforms have yielded results, by way of transparency. I have also admitted that they have been partially successful. Why has that been so? That has been so, because in the Regulatory Commissions, we have not provided full administrative support to them. Vacancies remain unfilled. Sometimes the Chairmen are not appointed. Even when the Chairman and Members are appointed, sometimes, they don't have even an office; they don't have stenographers, they don't have typewriters, they don't have



computers to work. Unless we are fully committed, 100 per cent, to reforms, we will be stuck in the same kind of limbo where the old SEBs functioned for 50 years.

Just a brief recapitulation. There have been other successes in these last few years in pushing the reforms. There are many examples. But I will give you one example. A grid code has been established in those sections of the national grid where a Regulatory Commission is in place. That is the first step towards bringing about a qualitative improvement in the supply of power. This overall process of reform in the energy sector has two major components. One is restructuring and the other is reform. In fact, all the States that have done anything so far, have done only restructuring. They have not yet either committed to or gone ahead with the reforms, which require the cooperation of all stake-holders.

In conclusion, Madam, I would like to compliment the hon. Minister for taking this step. By bringing forth this Bill, it is one step forward in the ongoing reforms movement. It will enable the smaller States to set up Joint Regulatory Commissions; otherwise, it would not be possible for some of the smaller States to set up a Regulatory Commission. It would not be cost-effective. It will also provide a forum to address regional issues. I will speak for the Eastern Region, which I am most familiar with. The Eastern Region, as a whole, is surplus in power, compared to the rest of the country. But, within the Eastern Region, we have some States which have more power available. We have different billing rates within Orissa, different billing rate in Orissa and Andhra Pradesh, different billing rate in Orissa and Chattisgarh and different billing rate in Orissa and West Bengal. These issues need to be sorted out on a regional basis. That is why Joint Regulatory Commissions are required.

Finally, two amendments which I have moved are in support of the Bill. They aim to correct certain inadvertent anomalies which have crept into the Bill. My amendments would facilitate the implementation of the Bill when it is passed by Parliament.

The Bill provides for the Chairman to be appointed either by consensus, or, where there is no consensus, by rotation. It also provides for members to be there by rotation, which is counter-productive, because a certain tenure is required for the members to understand the issue. You cannot have a different member representing a State in each meeting. There should be continuity.

The second issue is that, in the definition itself, the Joint Electricity Regulatory Commission has to be on the same basis as the Central Electricity Regulatory Commission at the Centre and the State Electricity Regulatory Commission in the States are. Otherwise, there will be an ambiguity in its role.

With these words, I once again compliment the hon. Minister for bringing forth this Bill and urge upon him to start taking much bigger steps towards the power sector reforms. Thank you.

SHRI N. K. PREMACHANDRAN (Kerala): Madam Deputy Chairperson, I rise to oppose the Electricity Regulatory Commissions (Amendment) Bill, 2001. I represent a State which has so far not constituted a State Electricity Regulatory Commission. Now, a new Government has been installed in Kerala. I do not know what would be its view on this. As the hon. Minister has said, this is an enabling provision to have Joint Electricity Regulatory Commissions.

Combining more States or Union Territories by the Central Government so that they can have one Commission for more than one State. Even though that is the minimum purpose of this legislation, of this amendment, I would like to seek certain clarifications from the hon. Minister. As has been repeatedly pointed out by the opening speaker, Shri Santosh Bagrodia, what is your experience during the last two years of the functioning of the Central Electricity Regulatory Commission as well as the State Electricity Regulatory Commissions? Have we critically analysed the past experience as to how it has functioned, whether it has functioned in a proper way, whether the functioning of these Commissions, whether State or Central, was such that we were able to achieve the aims enunciated in the parent Act or the original Act? The aims and objectives for the institution of this particular Commission have been very specifically stated in his opening speech. That is, to achieve efficiency, to have private participation and also to regulate the tariff. What has happened after two years? As has been pointed out already, more than 10 States have already instituted Regulatory Commissions. What is the after-effect of the institution of these Commissions? Are they able to regulate the tariff? We are opposing it mainly because of two reasons. My first reason is, the political bureaucracy is shirking its responsibility. Power is a very serious problem now. Power is an essential requirement of the society, for agriculture, for industry and for domestic purposes. In almost all sectors, power has become an ingredient, an essential requirement. The society cannot move without power. That is

the position now. But the political bureaucracy or the elected Government in power is not ready and willing to face the crisis. In my own State of Kerala, the day-before-yesterday, the Government has announced a 25 per cent hike in power rates. That is an announcement made by an elected Government. Here, it is to be done by whom? By the Commissions. The political bureaucracy, duly elected Governments, are shirking this direct or primary responsibility of meeting the needs of the society. That is why this Commission is there.

My second point is regarding subsidies and cross-subsidies. The State is having ample right to discuss in detail and to formulate policies as far as power tariff is concerned. How it is to be distributed, what subsidy or cross-subsidy should be there, what would the cost of production, everything should be administered, for which the elected Government is there. Here, what is being done? One of the objects is de-politicisation of the power sector. How can a politically elected Government or a democratic Government remove politics from administration, governance? Is politics cursed? Is it untouchable? Political decision should come from a particular State. I know from the State Government - the State Electricity Minister said it - per day, money in excess of Rs. One crore is being spent on giving subsidy. There is a loss of Rs. One crore. If that be the position, the responsibility has to be owned by the particular State Government. It is not for the Commission to decide. The State Government is an elected Government. That is why we are basically opposing this proposal of institution of Commissions so as to regulate the tariff, so as to regulate the private participation, so as to enhance the efficiency. If efficiency has to be enhanced, it should be applicable to private generating companies as well as public generating companies. This is not applicable to private generating companies. The amendment is in connection with having Joint Regulatory Commissions in the States as well as in the Union Territories.

I am coming to another point which I would like to highlight. It is regarding uniformity of tariff. I do not think there is such a provision there in the Regulatory Commission, in the original Act or in the Amending Bill. We know that the NTPC is a Central public sector organisation. The NHPC is a hydel project organisation. This is owned by the Government of India fully. The NTPC power which is being generated at Ramagundam and Kayamkulam, whatever may be the expenditure the money is funded by the Government of India. But the issue of power tariff is entirely a different matter. It has been highlighted in the House also. Is the Government

thinking of levying a uniform tariff on the power which is being generated by a particular power corporation? In Kerala, we have to purchase power from the NTPC @ Rs. 5.35 per unit - it is subject to correction - but in Tamil Nadu, the rate is entirely different; it is below Rs.4/-. The NTPC is generating power in the same way. The methods used by them are the same; the rules applicable to them are the same, but the rate is different. That aspect should be taken into consideration. The Commission has issued so many directions. I am not going into the details because of the paucity of time. Has the Central Electricity Regulatory Commission issued any directions to the State Electricity Regulatory Commissions for functioning in an effective manner? A case has been filed in the Court against the NTPC. An observation has been made that the price should be fixed on the basis of the availability of power. That matter is now in the Court. This is the position. Has a retired public servant or a retired officer been appointed a member of the Committee or the Commission? ... (*Interruptions*)... I am concluding, Madam. They don't have any accountability or commitment to the poor people. As rightly pointed out, 72 per cent of the total population is living in the villages. Is the Commission having an accountability to the poor people of our villages? Nothing is there. But as far as our Government is concerned, it has the direct responsibility to the people, through the Parliament or through the Assemblies. But nobody is responsible. A retired servant can act on his own whims and fancies! I would suggest that all these things should be taken into consideration while amending the Act. A review of the functioning of both the Central Electricity Regulatory Commission and the State Electricity Boards has to be done. If not now, it can be done later. The Minister should think about it, without having any false prestige. I know the Power Minister is doing a very hard work and is making his sincere attempts. I am not questioning anything. I want him to review the functioning of these Commissions.

Madam, I would like to make a suggestion regarding the hydel power project. The hon. Chief Minister of my State met the hon. Power Minister yesterday. The Electricity Minister of Kerala is also in Delhi. They are seeking clearances for the Poyamkutty Hydel Project and some other projects. While framing all these policies, that aspect should also be taken into consideration. With this, I oppose the Bill in principle. With these words, I conclude. Thank you, Madam.

THE DEPUTY CHAIRMAN: Hon. Members, yesterday, we took into consideration a minor Bill on motor vehicles. While we were discussing it,

many other aspects of it came out, the CNG and the like. A good discussion took place. The Minister of Petroleum was also here. Every issue was discussed. I understand that whatever has been talked about, more than half of it is not connected with this Bill. It was concerned only with the problems faced by the Ministry, the problems faced by the people, the lack of electricity, its thefts etc. Now I suggest to the Minister that he should ask the Parliamentary Affairs Minister for allowing a full-fledged discussion on the power policy because whenever we sit in the Parliament, the electricity goes off. Whenever we are working on a computer, which the Parliament has provided to all of you, suddenly the electricity goes off and whatever work we have done is wiped out. When this is happening in the Capital City of Delhi where the Parliament is situated, I can imagine the situation in other parts of the country. Having said that, I think, all *Over* the country, the power problem should not be there. If, in Delhi itself, the situation is like this, I can understand what is happening in the villages.

Some Members have mentioned that electricity is provided to the villagers free of cost. In our villages where is the electricity that you provide them free of cost? There are some villages where they do not have even a *diva* or a *chirag*. So, we should fix time for a discussion on the entire electricity policy and discuss the whole issue. On this, I want a promise from the Minister, that he would bring some kind of a discussion, and the problems of the Members of the Parliament would guide you, what you should do.

You are doing a good work. The contributions from the various States of the Country may enhance your good work. As far as this Bill is concerned, we have been allotted only half-an-hour by the Business Advisory Committee. We have taken almost two hours. If you give a promise to the House, I will allow you to give a brief reply. ...(*Interruptions*)... He cannot answer the questions relating to the entire gamut of power generation.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): Madam, you have given him the choice of giving a long reply or having a discussion.

THE DEPUTY CHAIRMAN: No. It is not his discretion. It is mine. Otherwise, I will say, "You come and reply tomorrow".

SHRI SURESH PRABHU: Madam, of course, I will go by your direction. Nonetheless, since so many Members have raised so many

issues, I would like to address them in short, and, of course, I will be happy to have a full-fledged discussion in the House on the various aspects of the power policy and we will take part in that. In fact, I have already invited several Members of Parliament, in different groups, from the regions to meet me on different evenings for dinner, and, again, I am going to have bilateral discussions with them, beginning today.

THE DEPUTY CHAIRMAN: I don't know anything about it. I too belong to some region.

SHRI PRAMOD MAHAJAN: Madam, whether you have power or not, the dinner is there.

THE DEPUTY CHAIRMAN: Today, I will definitely be there.

SHRI SURESH PRABHU: Definitely, I look forward to that as well.

THE DEPUTY CHAIRMAN: Today, I have the power to ask you to include me also.

SHRI SURESH PRABHU: Madam, first of all, I wish to thank all the Members of Parliament who have participated in this debate. As many as ten enlightened Members have supported this Bill. Of course, two Members from Kerala have expressed certain reservations. But, I am sure, by the time I complete my reply, they will also support the Bill, and the Bill will be passed unanimously by the House. This is a short Bill.

The discussion, in fact, was focussing on that. The Parliament has already enacted a law for creating Electricity Regulatory Commissions. Now, the point is, if one or more States would like to have a Joint Electricity Regulatory Commission, whether we should allow them to have it or not. This is the only matter for discussion on this Bill. I am sure, when we have already enacted a law and the combined will of Parliament made it imperative that there should be Electricity Regulatory Commissions, I don't think there is any objection to having a Joint Electricity Regulatory Commission. In fact, Mr. Santosh Bagrodia asked, "Why don't we have Regional Commissions? Why couldn't Bihar, Orissa, West Bengal and some other States have a Regional Commission?". In fact, the Bill provides for that. If one or more States or Union Territories come forward and jointly decide to have a Regulatory Commission, there is an enabling provision in the Bill. Therefore, since this type of Electricity Regulatory Commissions are already functioning, I am sure, there should be no objection to the creation of Joint Electricity Regulatory Commissions which can facilitate the

implementation of the will of Parliament in a more effective manner. That is the first point. I hope, the Members would support it.

I am very happy that there are two very good amendments that have been moved by Mr. Panda. In fact, I must concede that they are absolutely correct amendments. Since this Bill has already been passed by the other House, we will take care of the spirit of the amendments when the States make joint agreements to create Joint Electricity Regulatory Commissions. They will be incorporated in the agreements. I am sure, we will keep the thrust of the amendments in mind and we will include the spirit of the amendments in the agreements.

Madam, Parliament had passed a law way back in 1948. Subsequently, there was an amendment to that. It was called the Electricity Supply Act. Under that Act, it was incumbent on the Electricity Boards to earn, at least, three per cent of profit on the capital employed. If that had been implemented, there would really have been no problem. If the State Electricity Boards had been generating three per cent surplus, probably, there would have been no problem in the State electricity business and the power sector would have been bereft of problems. But, unfortunately, that has not happened and, as a result of that, today, what we are witnessing is that the State Electricity Boards are suffering an annual loss in excess of Rs.20,000 crores. An amount of Rs.41,000 crores is owed by the State Electricity Boards to the Central utilities. What we are really witnessing at the end of it is that there are 80,000 villages which are not electrified; 69% of the households do not have power and the remaining 39% households, which are getting power, are complaining. Madam, you are yourself complaining that there is a problem of power in Delhi.

Therefore, there is a need to re - look at the power policy to find out what has really gone wrong, to really re - orient ourselves primarily to focus on the weaker sections of the society who are the worst sufferers of this. If there is a power shortage, a person who can afford a generator, goes and buys a generator. There is an industry which unfortunately is supposed to do that but that also resorts to captive power. A poor man, a villager who lives in a far flung area, cannot really afford power. Therefore, they are the worst sufferers. We really need to re - orient the policy and find out as to how we can make the power sector commercially viable. If there is no commercial viability, the power sector will not be able to cater to the needs of these vulnerable sections of the society. The commercial viability is an issue which has nothing to do with the ownership. Even if we

are going to run a public sector undertaking, commercial viability is necessary. If there is no commercial viability, even the Electricity Boards cannot take care of themselves, they will have to fight for their own survival, leave alone going in for their expansion. Therefore, commercial viability is necessary and to bring about commercial viability, we really need to do two things. One, we have to reduce the cost\* of power which includes reduction in transmission and distribution losses, which includes reduction in theft and which includes massive changes in distribution. Madam, if you-permit me, I will take the House into confidence and I will tell the Members as to what we have been doing in the last four months in the field of distribution. The second thing we need to do is to increase the average tariff. For the knowledge of the House, today the average tariff is Rs. 2/- per unit in the country, whereas the average cost of power is Rs. 3/-per unit. Therefore, against every unit that is generated, there is a loss of Re. 1/- which is suffered by the State Electricity Boards. It is not a loss as such. The difference between the cost of supply of power and average tariff is Re. 1/-. When we are supplying something like 500 billion units in a year, the difference becomes something like Rs. 50,000 crores annually. Therefore, there is a need to work on both the things, *i.e.* to reduce the average cost of power by reducing the transmission and distribution losses and taking corrective steps and also to go in for a rational tariff structure in the country. A rational tariff structure could be designed only by an independent organisation. Therefore, we all thought that Regulatory Commissions are really necessary. In fact, some of the Members have raised very valid points. They wanted to know as to what is the role of the CEA in the Regulatory Commission. All of us are really proud of the good contribution that the CEA has made. In fact, currently, all the members of the CERC are members of the CEA. In fact, the same people have gone there. When we are trying to denounce an institution like the Regulatory Commission and trying to say that the CEA is a good institution, we should remember that they are the same people who have gone from the CEA to CERC; just because they have changed their jobs, how can they become agents of some other agency? They have gone from the CEA to the CERC. If they were doing a good job there, if they were protecting the public interest in the CEA, how could they not be doing a good job there? Is it because they are members of the CERC? This is a larger issue. I will come" to that later. Madam, first of all, there is a need to have a Regulatory Commission to protect the interests of the common man. Unless the State Electricity Boards generate enough resources, they will not be able to create



additional capacity. Therefore, I am sure the role of the Regulatory Commission is something which will be appreciated. Madam, there is a broader issue involved in it. Many of the hon. Members, including my friend Shri Agarwal and various other Members wanted to know about the role of the regulators. This is a very broad issue. Madam, there are only three organs of the State; the legislature, the judiciary and the executive. Now I do not know where the regulators would really fit in. Are they part of the judiciary because they are performing judicial functions? Are they part of the executive because they are also doing some executive functions? In a way, they are also doing some legislative functions because they have got the authority to make regulations. If you really consider all this, the regulators are really a new institution which has been created. There are regulators in the banking sector. There are regulators in the capital market. There are regulators in the telecom sector. There is a possibility that my colleague, Shri Ram Naik, might now be thinking probably of a regulator for the petroleum sector when it is going to get deregulated. If we are going to create a new institution of regulators, we have to really decide where will they really fit in. That is a broader issue which really needs to be addressed properly, adequately and at the right time.

But, I am sure, once this issue is addressed, these regulators would be following the policies which we would be framing by that time. Madam, Shri Bagrodia has raised a very important issue. He said that by doing this, we are taking away the powers of Parliament. I want to tell the House that even in the past, the legislators never fixed the tariff. It was always done by the Executive; the Executive did not come to Parliament and place before Parliament either the Tariff Policy or the tariff orders. Therefore, in any case, fixing of the tariff was an executive function. This is now being transferred from the Executive to the Regulatory Commission. Of course, we need to really see ...(*Interruptions*)...

SHRI SANTOSH BAGRODIA: The Executive could be called to appear before Parliamentary Standing Committees. But these people cannot be called. That is what I meant.

SHRI SURESH PRABHU: You are right. I accept that point. Therefore, what I am saying is that we really need to find out how we can evaluate the functioning of the Regulatory Commission. We are proposing a new, comprehensive, legislation on the power sector in which we are trying to make some changes in the overall regulations itself. I will come back to the House on this. But I can assure the House that in the States, where

these fourteen Regulatory Commissions have been set up, the Governments would, definitely, take care of this aspect. I am very happy that West Bengal is one of the States which has set up the Regulatory Commission. They have already notified it and they are in the process of issuing the orders. Kerala is another State which is also in the process of setting up the Regulatory Commission. So, Regulatory Commissions have been set up in various States which are ruled by different political parties. But, normally, what happens is that the opposition party in a particular State opposes the decision in that State. So, in West Bengal, when my friends and comrades from the CPI, CPI (M) and other Left Front parties wants to set up a Regulatory Commission, I am sure, the Congress (I) would oppose it. And, in Madhya Pradesh, when the Congress sets up a Regulatory Commission and issues orders, probably, the BJP would oppose it. When the BJP does it in Uttar Pradesh, the Samajwadi Party would oppose it. I am sure, if the Samajwadi Party had done the same thing when it was in power in Uttar Pradesh, the BJP would have opposed it. I am sure, even the RJD party in Bihar is thinking about it

SHRI PREM CHAND GUPTA: We have had enough regulators. You had been praising the regulators in the stock market. We had seen their excellent job. What an excellent job they have done! Never before in the history was such a thing done. You talked about the regulators in the Communication Department. What have they done? I hope, the same regulators do not play with the power sector as well. Please be careful. This is what I wanted to tell you.

SHRI SURESH PRABHU: My good friend, Mr. Prem Chand Gupta, is making his statement at an appropriate time because, the Bihar Government is in the process of signing a MoU with us for the setting up of the Regulatory Commission. I am sure, we will take care to see to it that those mistakes are not committed in Bihar. Therefore, now, we are in the process of finding out what the alternative should be. If we do not have the Regulatory Commission, then, what is the alternative? The alternative is that the Administration would fix the tariff. And, when the Administration fixes the tariff, there will always be pressures put on them for not doing certain things. We will then be facing various problems. The alternative was to have an arms-length relationship with the tariff-fixing-process and, therefore, the regulators were thought of. That is how the Regulatory Commission was set up. This is what is mentioned in the Preamble of the Bill; that is, de-politicisation to the extent that the power sector is something which

should not be driven by politics. I have said on many occasions that turbines and generators in the power sector are run by technology, whereas we are divided into political parties because of ideologies. So, why should ideology influence technology? Therefore, why should we all not come to a conclusion that power is something which should be out of the realm of day-to-day politicking - not politics? Therefore, can we not then create a new paradigm in which power can be given to everybody, including Parliament, where we can have uninterrupted power supply? But, today, all of us need to come to an agreement on this. And, I am sure, both my friends from Kerala, who have expressed their reservation on this Bill, would withdraw their amendments because this is something which we really need to do. Also, some of the Members have raised a very valid question: What is the role of the Government?

In fact, we had really not addressed that problem enough. So, now we have decided that we have to take up the fixation of tariff. Madam, where the regulation begins. The regulation cannot begin in abstract. The regulation must begin where the policy ends. So, policy-framing, policymaking has to be the sole prerogative of the Government and the Government reports to Parliament. Therefore, framing of tariff policy would be done by the Government, and in that we will take the representatives of the State Governments. Once the policy is made, the regulation of that policy will be done by the regulators. So, this is what we have already decided to do. It is a significant change that we have decided to introduce. With this change, I am sure, many of the apprehensions and the problems that you have talked about, will disappear.

THE DEPUTY CHAIRMAN: But somewhere, the Parliament will be involved.

SHRI SURESH PRABHU: Absolutely. The tariff policy...

THE DEPUTY CHAIRMAN: No, no. What I am asking is this. You said that the Government will be taking into confidence the State Governments and formulate that policy. But will that policy be approved by Parliament or will it be the prerogative of the Government? That is what the Members are asking. I am only trying to find out that.

SHRI SURESH PRABHU: Madam, what he has said is that he can ask me questions in Parliament; he can summon the Power Secretary to the Standing Committee, but he cannot call the regulators to the Standing Committee or to the Parliament. And this is his complaint; that is right and

we will..(*Interruptions*)... So, Madam, the tariff policy is something that we have decided to make.

Madam, then there is a very important issue and that is of transmission and distribution. Many of the hon. Members have said that there is a problem with regulators because the regulators have done nothing about transmission and distribution. Madam, we must understand that there are two or three members who are selected for their eminence in their respective fields; they have been appointed either by the State Governments or the Central Government or, in the case of Union Territories, by the administration of that Territory; but can those two or three people take care of the massive problem of transmission or distribution? Therefore, this is an issue of governance. The State Electricity Boards, wherever they are responsible for transmission and distribution, should take adequate steps to do that. But since they have not done that, the Central Government has drawn an expansive plan. Madam, under that plan, we have already signed Memorandum of Understanding with all the State Governments, including the State Government of West Bengal. Now, we are going to sign it with the State Government of Kerala. The Chief Minister met me. Signing of the Memorandum of Understanding is the first step. We are now going from the Central Government to the States. But from there, for every district in the country, we are in the process of preparing a comprehensive plan to assess why there is a loss in distribution in that particular district. That will also enable us to know as to what the causes are for the problem in distribution and how we can improve the quality of power in that particular district in the shortest possible time. Having done that, Madam, we are going a step ahead of that and that, is the distribution feeder. In fact, the thefts which take place, take place at a particular point. It is only at the aggregate level that we are coming out with this figure of 24% or 25% of T and D loss. But this 24% or 25% is a macro-level figure. If we go to micro-level activities, that distribution feeder has to be converted into a profit-centre head, which is what we seek to do now. After we do that, all transmission and distribution losses for that particular distribution feeder, will be accounted for there itself. So, we are introducing a concept of accountability that will now be not just talked about at the State level or at the Central level, not even at the district level, but at each and every distribution feeder level. We want that the commercial and technical staff working in that area should report to only one common person, and that person should be made responsible for the T and D losses in that area. If, at all he makes good recovery, then we will be willing to give incentive to

**4.00 P.M.**

that staff because I fully agree with Mr. Raghavan that there is nothing wrong with the staff. If the same problem continues, then after some time this staff is not going to get even their salaries, leave aside the terminal benefits. Therefore, in his own interest, we must introduce changes in the power sector and if we can introduce accountability and, at the same time, give rewards for the good work done, I think many of the problems can be addressed. Therefore, Madam, we are introducing this concept also. Shri Bagrodia mentioned that we should introduce checks and balances also for the regulators. In fact, that point is well taken and we are in the process of introducing that. As I said, we are bringing a comprehensive Bill to the Parliament soon and, in that, we will take care of this issue. Madam, many Members have said that we really need to look at hydro power. In fact, one of the issues that was raised was that hydro power would be a cheaper source of power. Madam, we have taken a number of steps to reduce the cost of power. Mr. Gupta also mentioned this. In fact, there was a committee which was appointed under the chairmanship of the Special Secretary to look into this. But I must tell you that in respect of a new power project which is going to be executed by the NTPC, we have, in fact, given them a bench mark that the bidding rate should be below that and that, bench mark bid is lower than even the previous rate at which the contracts have been awarded. Madam, we are introducing this concept so that the cost of projects will really go down. Also, Mr. Gupta has said on hydro; why we are going in for micro hydro projects? Why are we not going in for China-type of projects? In fact, he talked about 1000 MW and 2000 MW in China. In fact, the biggest power project in the world which is now coming up in China, which is called three gorges, is 18000 MW, not two or three megawatt. But, at the same time, in India, while we need such mega power projects, we also need small projects because it is really necessary that even in districts and small places, there is really no need that we generate power at only one place, and then transmit it from that place to another place. In fact, we must also have the fuse power distribution; and, therefore, to do that, we are in the process of framing a new policy in which district will be considered as a unit; and whatever power resources are available in that district, whether it is a renewable resource, or, a fossil fuel resource, or, a hydro resource, that resource will be tapped within the district and power will also be distributed in that district. That will help in reducing the T and D losses.. It will also help in harnessing the resource in that district itself. So, people will have a sense of propriety, and, probably, a

sense of belonging will also be there. There will be a possibility of reduction of losses, to a great extent.

Madam, the social objective is a very important issue which has been mentioned by everybody. The Central Government has never said, "don't give subsidies". What we have said is, you can subsidise any operation. But, if you want to subsidise that operation, you must be able to pay for it. The State Electricity Boards cannot be asked to subsidise from their own resources. As a result, as Mr. Panda has said, such aberrations have been noticed. Therefore, If you want to remove those aberrations, you must ensure that subsidy, if at all it has to be paid, must be paid upfront by the State Governments to the State Electricity Boards. If you cannot do that, then the subsidies cannot be borne by the State Electricity Boards. As a result, the whole process really crumbles.

Madam, I am sure, I have taken care of all the apprehensions which the Members have mentioned. Mr. Bagrodia has mentioned about the Central utilities.

THE DEPUTY CHAIRMAN: Shall I now ring the bell? Because you are going(*Interruptions*)...

THE MINISTER OF RURAL DEVELOPMENT (SHRI M. VENKAIAH NAIDU ): Something unusual. ...(*Interruptions*)...

THE DEPUTY CHAIRMAN: I have that power with me. I may use it; I may not.

SHRI SURESH PRABHU: Madam, individual Members have raised some issues.

THE DEPUTY CHAIRMAN: You can reply to them when you bring a comprehensive Bill. We are one-and-a-half hours behind time. It is like the irregular electric supply. Now, you conclude in 3-4 minutes.

SHRI SURESH PRABHU: He has said about the availability-based tariff.

SHRI DIPANKAR MUKHERJEE: Madam,...

THE DEPUTY CHAIRMAN: Now, you should not disturb him. Otherwise, I will have to ring the bell for you.

SHRI DIPANKAR MUKHERJEE: Madam, the Minister is trying to cover the total power policy. I think, *suo motu*, he can bring forward a

motion or whatever on the power policy. We can have a discussion on that. This Bill is very limited.

SHRI SURESH PRABHU: Madam, two-three Members have raised the point about the availability-based tariff and how the order of the CERC goes against the interest of the NTPC. Madam, if at all that order has gone against their interest, what is the best course available to them? The course is, as mentioned in the Act itself. So, they have gone to the court. We have not come in the way. So, we have not hindered the functioning of the CERC in this case, or, we have not favoured the NTPC which is owned by the Government, hundred per cent. So, we have just told them that they can take the course which is available to them under the law. But, let me tell you, when the NTPC suffers, who benefits? The benefit of NTPC suffering goes to the State Governments. It does not go to anybody else. So, if you feel that the availability-based tariff order is against the interest of the NTPC, it is the State Governments which are feeling that that order should not have been stayed by the High Court. Of course, that is the prerogative of the court. But the point is.-NTPC's gain is a loss to the States. The States have to pay for it, the NTPC really gains. We have to have a proper tradeoff between the two. And that trade-off can be resolved only by the Regulatory Commission. But, if the Regulatory Commission's order is not acceptable to either of the parties, they can go to the court. We should not stand as a jury in that case, because we own the NTPC.

Madam, Mr. Agarwal has rally talked about many issues, including industry. Madam, the point is...

THE DEPUTY CHAIRMAN: I think, you are taking too much of time. I am sorry, because the Bill does not cover it.

SHRI PREM CHAND GUPTA: Madam, ...(*Interruptions*)...

THE DEPUTY CHAIRMAN: I am not allowing any more question. No clarifications. Please take your seat. As I said in the beginning, this Bill does not cover all these things. There are so many Bills before me. I can show you all these. The Ministers have been waiting for a long time. That is why, as I said, bring a comprehensive policy before the House; and we should discuss it in a very...

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK) : He is thanking the Members.

THE DEPUTY CHAIRMAN: Thank them. That is good.

SHRI N. K. PREMACHANDRAN: We are not opposing this amendment.

THE DEPUTY CHAIRMAN: No more questions. The same rule applies to you also. ...(*Interruptions*)... Please sit down. He has already talked about the amendment. When they frame the rules, at that time, they will take care of it. This assurance is given.

SHRI SURESH PRABHU: Madam, whenever you give me more time for discussion in this House, I would feel it my privilege to reply to the points raised. The other day, when Shri Dipankar Mukherjee raised a point, there was nearly a half-an-hour discussion during the Question Hour. But, I think, more time is required for this than what has been given. I would be guided by your directive.

THE DEPUTY CHAIRMAN: Today, we have the Business Advisory Committee meeting. I myself would like to put this before the Committee because, I feel, there is a lot more discussion required on this. We should help you in your good work. Only half-an-hour was given to this small Bill, but we have taken two-and-a-half-hours. Never mind, you have done a good job in replying to almost everything and you have covered the whole gamut of it. We are satisfied. Don't feel bad about it.

Now, the question is:

"That the Bill to amend the Electricity Regulatory Commissions Act, 1998, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill.

*Clause 2 to 4 were added to the Bill.*

*Clause i, the Enacting Formula and the Title were added to the Bill.*

SHRI SURESH PRABHU: Madam, I beg to move:

"That the Bill be passed."

*The question was put and the motion was adopted.*