

DR. B. GOPALA REDDI: Sir, I beg to move:

"That the Bill be passed."

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

SHRI V. K. DHAGE: The Bill is passed five minutes before time.

MR. DEPUTY CHAIRMAN: Actually we have taken 55 minutes extra. We ought to have passed it at 3.00 p.m. We have to save that time.

#### THE INDIAN ELECTRICITY (AMENDMENT) BILL, 1959

THE MINISTER OF IRRIGATION  
AND POWER (HAFIZ MOHAMMAD  
IBRAHIM): Sir, I move:

"That the Bill further to amend the Indian Electricity Act, 1910, as passed by the Lok Sabha, be taken into consideration."

When I spoke before this House while making a motion for its reference to a Select Committee, I placed a picture before the Members of this House of the development of electricity in India from 1910 up to this time, rather 1957. In that connection I pointed out that the vast expansion in the field of electricity, which has taken place during this period, has given rise to certain conditions which have to be recognised. On the recognition of those conditions certain principles were evolved, and on those principles the structure of this Bill was framed. At that time, I spoke in this House about each and every amendment which was included in the Bill. I think now it is not necessary for me to tread over the same path and repeat what I said at that time, in order to save time, and also because

at present we are more concerned with the report of the Joint Select Committee. I propose to speak on that.

As far as this report is concerned, it contains amendments which have been made by the Committee itself in the Bill. Besides that, the minutes of dissent given by the Members also are part of the Report. After that, the Bill was considered by the Lok Sabha and certain amendments were introduced there and accepted by that House. Those amendments are included in the Bill, as passed by the Lok Sabha. About the amendments passed by the Lok Sabha also I will say something.

First I will take up the amendments which have been accepted or made by the Committee during their proceedings. They are not very many. In clause 6, two amendments are 4 P.M. dealt with. So far, the legal position in regard to the amendment of a licence has been that it could be made at the instance of the licensee and had to be made by the Government. Government themselves could not take up the amendment at their own initiative. In the amending Bill it was provided that the Government should be enabled to take up the amendment with the consent of the licensee and if the licensee withholds consent unreasonably, in that case, Government will be authorised to make that amendment even though it may be against the wishes of the licensee. At the Committee stage one amendment has been introduced that the Government will consult the Electricity Boards also. The Government has been authorised but it has been placed under an obligation, through the amendment in this Act, that it should consult the Electricity Boards also which had been established under the Act of 1948 in the various parts of India. So the Government will consult, according to this amendment, those bodies. The Government has been authorised to amend the licence at its own initiative

and also at the initiative of someone other than the Government. A, B, C, D or any person can move the Government that such and such amendments should be made in this licence and the Government can consider it and can make that amendment. These amendments have been made at the Committee stage.

The next thing introduced in this Bill is one regarding procedure. The procedure in regard to these amendments was not provided for in one case. There are three cases—at the instance of the licensee, at the instance of the Government itself and the other at the instance of third persons. The procedure has been made one and the same by the Committee.

The next one relates to clause 7 which relates to purchase of the undertaking. In the Bill it was provided that the Government will find out the purchaser and 'shall' driver it or cause it to be delivered, those goods or undertakings belonging to the previous licensee. That 'shall' has been substituted by the word 'may' because the Government shall have to ascertain so many things before fixing up "A" as the purchaser. The Government shall have to find out whether he is a man who can be trusted, whether he is a man who has sufficient money to invest and maintain, and if such questions arise, then consideration has to be given by the Government. Therefore, the obligation which has been created has been done away with and the word 'may' has been substituted therefor.

Then comes clause 27 which was a minor thing. There is a body which was created by the 1910 Act known as the Central Electricity Board. On that there are various representations. Its members are appointed from various bodies. Part C States also were to be given representation. But as now Part C States do not exist and they have been converted into Union Territories, the words 'Union Territories' have been substituted for the

words 'Part C States'. There has cropped up one thing, gaining in importance, and that is atomic energy. There was no representation provided in the Act of 1910 and it could not be provided at that time as this has come into prominence now, and therefore by amendment, it has been added that one representative on that Board will be from the Atomic Energy Commission, to be nominated by the Government. The Electricity Boards which have been formed under the Act of 1948 and which are working in the various States desired that they should also be given representation on this Board. The representation has been given to them also by another amendment.

Then security is demanded from the licensee in order that he acts in accordance with the terms of the licence and not makes any default, and the Government have been given power to forfeit that security in certain conditions, and according to that, there is one provision. These are the amendments practically which were made at the Committee stage, and, therefore, I will now take up the points raised in the various Notes of Dissent. There were important points and probably they are worth consideration by all of us. There are so many things about them. Before mentioning them I would say one thing. We all know that according to the Electricity Act of 1910, prices were fixed for domestic consumption, for industry, for agriculture and for everything for which *bijli* is used and they were mentioned in the licence as maximum prices. This was the method adopted in accordance with certain provisions in the 1910 Act. In 1948, there came the Supply Act of 1948 which provided another thing which affected vitally the prices which are to be charged by a licensee from the consumers. That Act provided that each licensee will be entitled to get a 'Reasonable Return' over his capital invested. 'Reasonable Return' nowadays means the bank rate plus two per cent. So the prices have to be fixed in the light of the principle that he should

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 get so much according to this law and his earning should be confined to that and within that limit those prices have to be adjusted. That law has given the right to the consumers to ask for the setting up of rating committees, if they have any complaints against the prices which are being charged by a licensee for the time being. Also every year, the accounts of the licensees are examined by the Chartered Accountants who are appointed by the Government for the purpose to see whether the profits they are making are within reasonable bounds and in accordance with the existing law or not. I have mentioned these two things about the Act of 1910 and the Act of 1948. One thing more I should say. As far as the 1948 Act is concerned, there is a provision which says that whatever is inconsistent in any other Act relating to electricity, I mean inconsistent with any provisions contained in this Act of 1948, is void. So, that process or that method and everything that existed or is contained in the 1910 Act which is inconsistent with the 1948 Act, is now void and it cannot be acted upon though those sections may be there in the printed book. They have no value and we cannot act on them. Of course, the merit of the present formula is that earnings are related directly to the amounts spent and that is more scientific and that is a better way of doing the thing. Even if there is any grievance about price, I cannot accept any amendment as far as the Act of 1910 is concerned and therefore, no question arises of anything else at present. We have to consider that matter separately, and I will say something about that later on. As far as the present position is concerned, it is out of the question and we cannot accept any amendment anywhere in this Act of 1910.

There is another thing. Many complaints have been made about another thing. When I apply for electricity to the licensee as a consumer, I have to guarantee him a reasonable return

for two years. This is the present state of the law. But this term "reasonable return for two years" was so vague that it gave rise to various disputes between the licensee on the one hand and the consumer on the other. So, when the amendment of the law was taken in hand, it was considered appropriate that something in this connection should also be done so that this multiplicity of disputes may be done away with. Therefore, in this amending Bill it is provided, and it is still part of the Bill as passed by the Lok Sabha, that 15 per cent. should come to the licensee. What does this 15 per cent. mean? This 15 per cent. may appear a big figure. As a matter of fact, it is not. If you take the gross revenue into consideration, then it will work out to 15 per cent. But if you take into account the nett figure, then it will come to only about 2 per cent. or somewhere between 2 and 3 per cent. So we have retained this figure of 15 per cent. so far.

Then there is the question of purchasing an undertaking. For that at present we have the book value. That is to say, at the time of the purchase of the undertaking the licensee should be paid the book value and not the market value. Now it is proposed that whenever an undertaking is purchased, then the market value should be given. It has been suggested that instead of the market value, we should go by the book value only. Now, we have to see how far this is justified. There are certain doubts about the honesty of those engaged in this business, who are called licensees and it is said that they manipulate their accounts and they indulge in things which are not desirable or rather they are despicable and therefore, it is said that they should be shown no favour and that they should not get any help from the Government. Even if that is so, everything in the world is being sold. Even if a thief steals something from my house, he goes to the market and wants to sell it, he will get the market price for it. So, as far as the market price or value is concerned,

that is something stable and it is not a thing which should be departed from, and we should not provide only for the book value. Therefore, this amendment was not accepted. The Minute of Dissent complains against this. It is also said in the Minute of Dissent that the staff of the former concern should be taken over by the new one and for this purpose there should be some provision in this Bill. So far as this is concerned whenever undertakings have changed hands, their history shows that practically all the staff have been taken over. Therefore, no necessity was felt to make any change and to introduce anything here to make it certain and obligatory on the undertaking to take over the entire staff from the licensee who is retiring.

It is also complained that the Central Electricity Board which is provided for in the Act of 1910 has no powers. I would rather say that it has powers and that within a narrow circle power has been given to it. I may perhaps read a sentence from the 1910 Act.

Section 36A provides for the constitution of the Boards and 37 provides for the functions of the Boards. What can the Boards do? They have to make rules. It is stated here that the Central Electricity Board may make rules for the whole or any part of the territories to which this Act, the Electricity Act, 1910, extends. Its only function is to make rules and nothing else. There are other bodies provided in the Act of 1948. Out of these four bodies, one is such that members of the legislature cannot function in it. There is no prohibition as regards the other three bodies. So, the provisions of the Acts of 1910 and 1948 are enough to cover all such points in this connection, and Government have not thought it necessary to introduce any provisions in this Bill.

There is another point which was mentioned by me when I spoke last. The area given to a licensee is divided into two parts, the compulsory and non-compulsory areas. Within the

compulsory area, the licensee has to provide electricity within the time given in the licence which is generally two or two and a half years. It is made obligatory on the licensee to provide electricity within that period and I want to inform the House through you, Sir, that in the amended Bill before us, we have made a provision that if there is any default in this respect, the security deposit of the licensee will be forfeited in part or in whole as the Government may think fit. As far as the non-compulsory area is concerned, the present position is this. One man applies for a connection. The licensee, has then through a notification or through some other means, to find out whether there are any more—at least five more—persons willing to take electricity in that area. If he succeeds in this, then it will become incumbent and compulsory upon him to give electricity connection there. If not, he will not give any connection. This number has been reduced from six to two. When this amendment is enacted, the position will be that if one man applies and the licensee is able to get one more, he shall give the connection. The number has been very much reduced but in the minutes of dissent, it has been said that this should not be so. There are some minutes of dissent which have touched upon the supply of power and electricity at cheaper rates for agriculture and for small-scale industries. I shall come to that later.

It has been said that the licensees have been given or shown favour, or that the provisions in the Bill as they stand at present are more in favour of a licensee than in favour of the consumers. I shall point out through you, Sir, what has been done in regard to the licensees. This will decide the question whether, as a matter of fact, any favour has been shown or whether what should be done has been done. First of all, the period has been reduced. The practice so far followed, from the very beginning when electricity was introduced in India, has been to give licences for a maximum period

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of fifty years with an extension for another twenty years. Now, this amending Bill has reduced the periods to twenty and ten years respectively. If any one were to be given a licence after the passing of these amendments, then the maximum tenure of that licence will be only twenty years with an extension of ten years. Then there is the other amendment about changes in the conditions of the licence. If a licensee withholds consent unreasonably to some amendment in the licence, then Government has power to ignore that objection and to introduce the amendment. Is that not against the licensees? Government have assumed authority through this Bill to give directions in regard to certain services, users of electricity, and to give them priority. It will be binding on the licensees to act upon these directions.

The practice so far has been to calculate everything in the undertaking, anywhere and everywhere, at the time of payment of compensation. It has been provided in the Bill that if there is something for which the licensee has not paid, for instance, if a consumer has paid the cost of the line from the licensee's main to his house, then the licensee should not get any compensation for this. This should be excluded from the cost. This is something which is against the licensee. There are so many things and I need not go into them specifically. Similarly, I need not go into the question of what has been done in favour of the consumers. The law is meant for the consumers. Certain conveniences are provided for the consumers and they are meant for none but the consumers themselves.

There are a few points which I have noted down separately and I shall now speak about them.

MR. DEPUTY CHAIRMAN: The time fixed is two hours for the Bill.

HAFIZ MOHAMMAD IBRAHIM: I am finishing.

SHRI P. S. RAJAGOPAL NAIDU (Madras): It is an important Bill, Sir.

HAFIZ MOHAMMAD IBRAHIM: I have curtailed my speech very much. I was going to speak on a number of points but when I was told that the time is limited, I have myself curtailed the points but there are certain points on which I have to speak and inform the House about the position of the Government. That is necessary. It will save the time of the House as many Members may not think of speaking on those points after hearing me.

There is this point about the supply of cheap electricity for agriculture and small-scale industries. This is one point that I support very enthusiastically. I think that this is a very correct and good approach and this should be done but we should know the position as it exists today. How do the prices charged for agriculture and small-scale industries so far compare?

This is the position. I do not want to go into the details. I have got a list of States which I will be able to show to any hon. Member, and it is shown in this list what has been charged for domestic consumption, what has been charged for agriculture and what has been charged for small-scale industries, and in every case, invariably it will be found that the rate charged for agriculture and small scale industries is lower than the rate charged for domestic consumption.

SHRI P. S. RAJAGOPAL NAIDU: What about the minimum guarantees for agriculture? The Electricity Boards in the various States insist on a certain minimum guarantee being paid by the agriculturists.

HAFIZ MOHAMMAD IBRAHIM: Had the hon. Member kept silent I was going to say something which would have covered that which he is asking now.

Now, Sir, the Central Government has taken a step in this direction. They have asked the State Governments to consider this question anew and to try to see that the price for these two is reduced. The Government have advised them that even if it came to the question of giving a subsidy, that should be done and the Central Government have expressed their willingness to participate in that subsidy which will be given by any State in this connection. So this will lead to further reduction in the price. So we are going to consider this question further and whatever is necessary, whatever impediment has to be done away with, and whatever new thing has to be provided for achieving this object, we will consider in connection with the Act of 1948. I have said what the present position is and I have also said what the Government are going to do in the future and this, I think, would suffice for the present as far as this particular question is concerned.

Now, there is one last point and that is about nationalisation. I can even postpone it if the time is limited; I can finish the moment you want me to finish. I am not very fond of speaking.

SHRI N. C. SEKHAR (Kerala): We would like to hear him on the point of nationalisation.

MR. DEPUTY CHAIRMAN: After your speeches he will reply.

HAFIZ MOHAMMAD IBRAHIM: Yes; while replying I can speak about it.

SHRI N. C. SEKHAR: It is better to have his views before the general discussion.

MR. DEPUTY CHAIRMAN: Two hours are allotted for this and we have already taken 40 minutes.

HAFIZ MOHAMMAD IBRAHIM: I have to obey the Chair. Sir, it is my duty to obey you.

MR. DEPUTY CHAIRMAN: You can take some time for reply.

HAFIZ MOHAMMAD IBRAHIM: All right, Sir.

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill further to amend the Indian Electricity Act, 1910, as passed by the Lok Sabha, be taken into consideration."

Out of two hours forty minutes are over. We have 80 minutes; so half an hour to this side and half an hour to the other side.

SHRI P. S. RAJAGOPAL NAIDU: We want some more time.

MR. DEPUTY CHAIRMAN: Mr. Vijay Singh. Five minutes each.

SHRI VIJAY SINGH (Rajasthan): Sir, I will hardly be able to do anything in that time.

MR. DEPUTY CHAIRMAN: Be brief.

SHRI VIJAY SINGH: Mr. Deputy Chairman, Sir, I rise to support the motion. In doing so as the time at my disposal is limited I would like to offer certain suggestions for the consideration of the House and for the consideration of the Government.

Electricity is a very important element in our life. It was not so before fifty years but in the times to come it is going to become still more important. From that point of view it is a very important subject and we must give due thought and consideration to this. One thing at the outset I would like to commend for the consideration of the Government. This is a very technical subject and it would be in the fitness of things if this technical subject is explained to the layman in non-technical terms. As I said, electricity is going to play a very important role in our lives and it will be to the advantage of all if more and more people come to know

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about electricity in common man's language. This is the first suggestion I would like to make.

Sir, I am not a technical man, nor am I an expert on the subject, and so my comments on the subject are from the point of view of a layman and that of a consumer. With this caution, I would now like to say how I feel when we look at the map of the world and see what the advanced countries of the world have done. Their greatness and their advance are measured in terms of the energy consumed by them. Take the case of Russia, America, England or any other country. Their greatness depends, their advance depends on the energy they consume. It reminds me of the early history of the Soviet Russia. The conditions were very backward there and in 1917 when the Bolshevik revolution took place the first subject that Lenin began to discuss was electricity. Gorky has given a very beautiful passage. When they were discussing about electricity, the Moscow electric supply went off and they were discussing in candle light about electrification of Russia. Lenin was so insistent that he said Democracy plus electricity is socialism. Whether democracy is there or not, it is not our concern but it only shows what great stress he laid on electrification. And the results are before us; Soviet Russia has made great progress.

Now, coming to our own country we find that the first electricity Act was passed in 1910 and then there was another Act passed in 1948. These two measures were passed in those days when conditions were not what they are today. The Government appointed an Advisory Board to advise on electricity and the comprehensive measures that have to be taken on the subject in 1953. When this amending Bill was coming up before the House we were expecting that the Government would announce a comprehensive policy about electricity but nothing of

that sort has been done. We have only this amending Bill before us. Well, something is better than nothing and we must welcome the efforts of the Government in this direction. But we were expecting that a comprehensive policy about electricity will be announced by the Government. Just as we have an industrial policy, we must also have a policy on electricity. This lack of policy in this vital sector of life is causing great confusion. I will show what is happening in the absence of some clear-cut policy on the subject. Now, three different agencies have been envisaged in this Bill. There is the State Government; there is the Electricity Board and there are private licensees also. If we look at these clauses we will find that all these three agencies will be working. Now on page 8 it is said:

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

Again we find:

"Where neither the State Electricity Board nor the State Government elects to purchase the undertaking, any local authority constituted for an area....."

Sir, this sort of provision is not good for the development of electricity in our country. That this lack of policy on the part of the Government is causing confusion in the minds of the people is not my own comment. I just seek your permission to read some of the comments of "The Times of India" of today. In its Editorial "The Times of India" while discussing this very Electricity Act says at one place:

"On the contrary nationalisation has created more problems than it has helped to solve. Weighed down by an increasing volume of administrative work government has been

subjected to a severe test from which it has not emerged successfully."

I do not want to read much, but I give the last sentence—

"It is all to the good that despite Nagpur and Ooty there is now comparatively little evidence of a starry-eyed ardour for nationalisation."

Well, Sir, this is a clear proof that in the absence of some clear-cut policy on electricity, these sorts of comments are made in papers and people speak here and there. I would, therefore, in the first instance like to place before the Government that they must have a clear-cut policy about electricity and what sort of role they want electricity to play in our national life. There is the question of private sector and public sector. I think that so far as electricity is concerned, there should be no room for the private sector. You are creating a private sector in electricity now and our ultimate aim is to have it completely nationalised. It will create several difficulties. Look at the provisions relating to compensation that we have introduced here. They are clearly to the advantage of those who are going to invest now and when the time comes it will create great difficulties to take them over. Therefore, I expect that we should have a clear-cut policy on electricity. We must also note that this is a very vital sector for the development of our country.

Now, Sir, about the use of electricity for agriculturists and for small-scale industries, we are very glad to note that the Minister has given an assurance in this House and as I understand it and as I learn from him just now, the Central Government has addressed a letter to the State Governments. It is too early to say what would be the response of the various State Governments in this matter. But I do hope that the response will be encouraging. We are laying very great stress on agricultural production. In fact, this is the crying need of our country now and electricity—

cheap electricity, if made available for the use of agriculturists—can go a long way to solve this problem. I expect and request that the Government should give this subject top priority.

There is another subject and that is about rural electrification. We in India are now thinking that the trend towards urbanisation should stop. How can we stop this trend towards urbanisation? If we do not create those facilities in rural areas, then people will certainly flock to urban areas. Up till now, we have made very little progress towards rural electrification. This also is a very important point. No doubt, we are making progress towards it, but the progress towards this must be rapid.

There is another aspect so far as electricity and electrification is concerned. There are certain areas in our country which are very backward from the point of view of power. The Government in their zeal for the development of the various electrical projects have not taken into consideration these backward areas. These areas—I have not named them—may be scattered here and there in the country, but there is a great demand that their consideration must be uppermost in our minds.

Now, Sir, I would like to say something about the rates. The rates of electricity must be uniform. As it is we find that in one city the rates are higher and in another city the rates are lower. When the State is managing the supply of electricity in all those places, the rate must be rationalised. If the cost of production of electricity at one place is higher and the cost is lower at another place, the rates must be rationalised. About these rates I expect that the rates must be uniform and they ought to be rationalised. In fact, I look forward to that day when the whole electric system of the country will be connected with each other. Just as we have got the railways connecting one system of the railway with another



[Shri Vijay Singh.]

system of our railway, similarly, one electric system in a State must be connected with another system. We are all talking about the unity of the country. This unity of the country and development of the country will be most effective when we have one electricity rate in the country based on absolutely economic grounds and we have got one system connecting one end of the country with another. That is the dream. That is the aim that we should have before us. I wanted to say many things, but the time is short. So, with these words, I commend this Bill.

**SHRI K. L. NARASIMHAN** (Andhra Pradesh): Mr. Deputy Chairman, this is an amending Bill to amend the principal Act which was passed 49 years ago. The hon. Minister now, while moving for consideration of the Bill in this House, has informed us that there is another Act, the Electricity (Supply) Act, 1948, and we cannot amend this Act because there are certain provisions which relate to that Act. He is thinking of improving it or giving suggestions to the State Governments about the concessions that they have to give to the agriculturists or the small traders. He further said that he has not favoured the licensee, but he has tried to impose certain controls. Anyhow, his speech to me is an extent of the entire confusion that the Government is having towards electricity and its problems. This amending Bill, after the deliberations of the Joint Committee, that is before us, I would first of all say, does not conform even to the Statement of Objects and Reasons for introducing this Bill. This is not in tune with the times and the Government refuses to take necessary steps for even gradual nationalisation of the electricity undertakings which are still in private hands. The consumers' interests are not protected in the proper way.

**THE DEPUTY MINISTER OF IRRIGATION AND POWER** (SHRI J. S. L.

HATHI): Sir, is he quoting any document, quoting from any book?

**SHRI K. L. NARASIMHAM**: No, Sir. It is the points which I have noted.

**SHRI J. S. L. HATHI**: That is all right.

**SHRI K. L. NARASIMHAM**: So, this is the sum and substance of the entire Bill before us. It is not in tune with the needs of the day. The hon. Member, who preceded me, rightly pointed out that the Government has no definite policy. Electricity, its generation and supply, is an essential thing, which ought to be in the hands of the Government and should be used for development. In a country like ours where the economy is undeveloped, for any development either industrial or agricultural, the supply of energy at a cheap rate is the most essential thing. Is this Bill aiming at that? The Bill is not aiming at that. The Bill is not in that direction. The Bill only contains minor modifications of an Act that was passed in 1910, with minor changes here and there, keeping the basic content as it is and only putting some restrictions on the licensee. Again, you are giving him a larger benefit out of this amount. When I deal with compensation, I will take the topic one by one. Mainly on the nationalisation question I do not understand why the Government is shy of at least taking over the undertakings which are functioning as distributing agents for the hydro-electric projects. The Government supplies them this current and there is a concern which distributes them, which functions as a middleman, which extracts more from the consumer and earns profits. You give a reason that you have imposed a condition in the 1948 Act. Their profits can never be more than six per cent. So, there is a control on that. So, there is no necessity now to take it over.

The second argument he has advanced is, we cannot pay the compensation. We cannot waste our money in giving compensation now. Let us wait. We are developing our

public sector. This was his argument. I think it was the Deputy Minister who said in this House in one of his speeches that after the Second Five Year Plan the public sector will be 75 per cent. and the private sector will be something like 25 per cent., and that we will be producing 43 lakh kilowatts of energy. But even then, at least in the southern States like Madras, Andhra Pradesh, Mysore and Travancore the State Governments enacted legislation by which they acquired all the undertakings, and they are completely under the Government. As for Electricity Boards, in Andhra Pradesh it is half Electricity Board and half Government, and we do not know what the Electricity Board is even to this day. Anyhow the position is that those States have advanced to that position, and you after so many years, instead of developing the country and developing the backward economy, now think in terms of a policy of keeping the private man there, and also in regard to your hydro-electric projects you will be supplying him and he will be distributing power. And you argue out the case that you have reduced it from 50 years to 20 years. For a new man it cannot be more than 10 years. Is it a concession? Is it according to the needs of the day of the country? I say it is not a policy. I say you have no definite helpful attitude towards the present-day economic needs of agriculture and the small-scale industries and even the small industrialists. So on an important subject like electricity you are not even considering integrating the two Acts of 1910 and 1948 and putting before Parliament an Act combining all the provisions and putting before the country your definite policy on this subject. So, I say you have failed.

In the Joint Committee where we functioned we tried our best to introduce a provision to empower the State Governments to actually acquire these by a slow process. In our note of dissent we made it a point that even

a policy of gradual nationalisation of private undertakings is not considered by the Government. Sir, no specific provision authorising the State Governments to acquire the electricity undertakings, as was done by some States, is there in the Bill. On the other hand you mention that the State Electricity Boards have powers to acquire them. They can acquire, that is enough. You say that if a State Electricity Board has the power to acquire an undertaking which is not functioning properly, then it is nationalisation. I have to say humbly that it is not nationalisation.

Again, even if you want to amend a licensee's terms about which our hon. Minister argued so much—I have to show him a proviso which is in this Bill

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

That proviso is for clause 6, page 5. That shows the attitude. If you feel that consent has been unnecessarily withheld, then only you come. If you feel that he is reasonably withholding—that is, if he is saying that I am not getting anything—it means that even for a stolen property he wants a reasonable price. If you argue in that way, that is your philosophy, and if you want to give a reasonable price to a thief knowing that he is a thief, I cannot say where you are going. That shows your policy. With his consent you try to amend the licensees' terms. On this point I have to say that this Bill is no improvement. This Bill is not suited to the times and it needs much improvement.

Coming to the next point, as far as consumers' interests are concerned, I have to say that they are not properly guarded. A specific provision in the licence giving a fixed rate was not accepted. The difficulty in seeing that fixed rates can be given is that under the 1948 Act the Electricity Board

[Shri K. L. Narasimham.] fixes only reasonable price. Sir, there is no fixed price policy. You are not thinking in terms of a uniform price rate for the country. At least in one State where electricity is supplied to the industrialists and the small agricultural holders, they are getting it at a lower rate. Now what is the principle? You ask him to guarantee so much. Can an agriculturist give a guarantee? Can he take your supply and work a pump set and improve his agriculture? You talk of rural electrification. As far as Andhra Pradesh is concerned we are backward in electricity, and the average is 9 units I think. If we are improving, still we see there is a lot of wastage of public funds, and the agriculturist is suffering from lack of supply of electric current even in the districts where it is very easy to supply him by making an effort.

Then, there is no representation of the consumers' interests on the Electricity Boards. You may say it is after all only a rule-making body, so what is the necessity? At least when you think of all other interests, why is a consumer not there? You say the Government has power to nominate three and it can consider. Apart from the consumers, the employees and the workers who are responsible for the successful functioning of this undertaking, their interests you have not guarded. (*Time bell rings*) Sir, I want more time.

MR. DEPUTY CHAIRMAN: There are other speakers.

SHRI K. L. NARASIMHAM: There is half an hour for our side.

MR. DEPUTY CHAIRMAN: Not for you only, but all the Opposition. Mr. Dave wants to speak.

SHRI K. L. NARASIMHAM: I suggest that we sit for one hour more because this is an important Bill.

MR. DEPUTY CHAIRMAN: Every Bill is important.

SHRI K. L. NARASIMHAM: Then, Sir, allow me five minutes. I will conclude. Then, the licensee is assured at the current rate charged by him an annual return not exceeding 15 per cent. They have to give a guarantee that they will give at least 15 per cent. of the cost of service for a period. Sir, the Government have failed to fix even the price limit to the energy supplied.

Coming to the last point about the compensation they are paying, I think it is very exorbitant. We suggested the market value or the book value or the depreciation value, whichever is less. That reasonable proposition also was not accepted by the Joint Committee, and I will dilate on that point at the stage of amendments.

As regards the workers' interests, the Minister is still arguing that there is no necessity to provide for them. He says in practice we are doing that. I know of cases in Andhra Pradesh where private undertakings were acquired by the State Government. Those workers who worked under the private undertakings, their services were not taken into account, their scales of pay were not fixed on a par with the Government servants. Still there are cases where the provident Fund amounts were taken away by private licensees and the Government says "we cannot do anything because there is no law to catch them". Sir, when you pass a law like this, you do not consider all the interests. I think the Government should think in terms of a definite policy and try to come out with a law integrating both the Acts. That is the proper need today.

SHRI S. CHANNA REDDY (Andhra Pradesh): Mr. Deputy Chairman, I

welcome this Bill because it is definitely an improvement on the out-moded Act of 1910. It has improved the relations between the licensee and the consumer. Moreover it has paved an easier way to take over electricity undertakings by the State Governments. In other respects also I am of the opinion that this Bill is a definite improvement. But, Sir, when the question of supplying cheap power to the agriculturists comes, this Bill contains nothing about that. All of us are aware, Sir, of the pressing need of rural electrification. Supply of cheap electric power to the agriculturists and to the small-scale industries is an essential factor. Unless we can supply cheap power to the agriculturists it is very difficult for them to pay the present rates. Moreover there are some areas in our country which are wholly dependent upon well irrigation. Now the prices of diesel oil have gone so high that it has become nearly impossible for the middle class cultivator to use engines for irrigational purposes. Therefore, unless cheap power is supplied to such agriculturists, the food production is not going to be enhanced. For example, I would like to cite some areas, of course, from my knowledge of my State, that is Andhra Pradesh Hyderabad district and Mahboobnagar district are two parts where the cultivators are not going to be benefited by the major irrigation projects even in future. Hence they depend for their wet cultivation only on wells and small tanks. Such areas must be earmarked all over the country and first preference must be given to such parts. We talk about unemployment and under-employment which is prevailing in our rural side. Unless this is eradicated, unless this knotty problem is solved, our plans are not going to be successful. Now, when we are on the threshold of the Third Five Year Plan—till now we could electrify only eight thousand villages or a little more than that. If we go on at this rate, I do not know how many plans we will require to electrify all the five lakhs of villages. Therefore I would

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request the Government to accelerate the pace of rural electrification. It is gratifying to note that the Minister has assured the House that the Government has addressed a letter to the State Governments to provide power at a cheaper rate—at a subsidised rate—and that the Central Government is prepared to meet the subsidy. There must be clear instructions with regard to agriculturists also. I suppose this concession is in the case of small scale industries. Agriculture, Sir, is much more important than small-scale industries. Therefore, the Central Government must give clear instructions to the State Governments in this connection. If they are unable to subsidise electricity rates in their respective States, the Centre should go to their rescue, financially helping them so as to enable them to provide electricity at a cheaper rate to the agriculturists

Moreover, I would like to say that it is high time that we should evolve a uniform price policy throughout the country. I will quote one anomalous position which has arisen in my part of the country—the Telengana area. The villages electrified during the former regime of Hyderabad State, they pay at the rate of 19 nP. or three annas per unit. But now the Andhra Pradesh Government is supplying electricity to other villages at the rate of 10 nP. per unit. Well, when we ask them to reduce the rate for the former villages of Telengana area also, they say that rural electrification has been included as one of the subjects under safeguards, and therefore they cannot interfere with it. Therefore they have to suffer. The cultivators in the Telengana area who have been supplied with electricity during the former regime of erstwhile Hyderabad have to pay more. Therefore, I would very much like that a uniform policy must be evolved for the entire country.

Coming to the representation given to consumers on the Central Electricity Board, I have to make one submission

[Shri S. Channa Reddy.]  
that it is not adequate. The Minister must consider this point once again and see that proper representation is given to consumers on the Board.

With these words, I support the Bill.  
Thank you, Sir.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 11.00 A.M. tomorrow.

The House then adjourned at four minutes past five of the clock till eleven of the clock on Wednesday, the 19th August 1959.