Report of the Advisory Board Constituted by the Government of India under section 35 of the Indian Electricity Act, 1910 in connection with amendments to the Indian Electricity Act, 1910.



CONTENTS

I. Introductory	1
II. Constitution and the Composition of the Advisory Board.	2
III. Changes in the composition of the Advisory Board	3
IV. Terms of Reference	3
V. Proceedings of the Advisory Board	4
VI. Important features of the proposed amendments	6
VII. Suggestions for amending the Electricity (Supply) Act, 1948 (LIV of 1948)	8
VIII. Acknowledgments	10
IX. Recommendations of the Board	10

APPENDICES

Appendix I	Circular No. A-803 dated 22nd August 1938 of the late Labour Department of the Government of India.
Appendix II	Statement of the porposed amendments to the Indian Electricity Act, 1910 prepared by the late Central Electricity Commission.
Appendix III	Statement of the informal comments from the Members of the Central Electricity Board on the statement at Appendix II, and the remarks of the Member-Secretary thereon.
Appendix IV (a) to (i)	Orders and Notifications of the Ministry of Irrigation and Power, Government of India, New Delhi.
Appendix V	Statement of the proposals for amendments received by the Government of India from the various State Governments and other persons after the preparation of the statement at Appendix II.
Appendix VI	Statement of the (Draft) Amendments to the Indian Electricity Act, 1910 as proposed by the Advisory Board.
Appendix VII	Statement of the comments of the various Ministries of the Government of India, the State Governments, the Federation of Electricity Undertakings of India, the Association of Chambers of Commerce of India, etc. on the statement at Appendix VI, and the remarks of the Member-Secretary thereon.
Appendix VIII	Statement of the draft of the sections and the clauses of the Schedule to the Indian Electricity Act, 1910, as recommended by the Advisory Board.
Appendix IX	(Draft) Indian Electricity (Amendment) Bill, 1955.

(*d*) The comments of the State Governments on the (Draft) Amending Bill circulated by the Government of India in August, 1938.

(*e*) Comparable legislation abroad.

(*f*) Amendments necessitated by the enactment of the Electricity (Supply) Act, 1948.

A total number of 167 proposals for amendments to the Act, were considered by the Commission out of which 85 affecting 30 sections and 12 clauses of the Schedule to the Act were recommended by the Commission for consideration.

7. Two statements, one showing the proposed amendments to the Act and the other showing amendments proposed but not considered necessary by the Commission, were prepared and forwarded by the Commission to the late Ministry of Works, Mines and Power in August 1950—Appendix II. The Ministry was further advised by the Commission to constitute an Advisory Board under section 35 of the Act to go into the matter. However, before appointing the Advisory Board, the Ministry considered it advisable to invite informally the views of the Members of the Central Electricity Board on the proposals for amendments made by the Commission referred to in paragraph 6 *supra*, as they were intimately associated with the working and the administration of the Act.

8. 268 comments were received from the Members of the Central Electricity Board. These were scrutinised and compiled by the Legal and Legislation Section of the Central Water and Power Commission (Power Wing)—Appendix III.

9. While the question of the constitution of the Advisory Board for amendment of the Act was still under the consideration of the Government of India, certain major difficulties and ambiguities in the working and the administration of the Electricity (Supply) Act, 1948, were brought to the notice of the Government of India. The Commission, therefore, in February 1951, suggested that instead of amending the two electricity acts, the Government might consider combining the two Acts and enact an omnibus legislation on electricity. The Government of India, however, decided that it was not necessary at that stage to enact an omnibus legislation and that the two electricity Acts might be amended wherever necessary.

10. In view of the changes in the Ministries of the Government of India who were in charge of the subject, the Advisory Board could not be constituted until September, 1953.

II. Constitution and the composition of the Advisory Board.

11. The Government of India, in consultation with the various Ministries of the Government of India, the State Governments and the Central Water and Power Commission (Power Wing) constituted the Advisory Board—*vide* Ministry of Irrigation and Power Order No. EL-II-213 (4) I dated the 17th September 1953 and Notification No. EL-II-213 (4) II dated the 18th September 1953,—Appendices IV (a) and (b), consisting of the following members, *viz*:—

1. Dr. K. P. P. Menon, Utilisation Member, Central Water and Power Commission (Power Wing) New Delhi . . Chairman.
2. Shri K. N. Ranga Rao, Chief Electrical Engineer, Northern Railway, New Delhi . . . . . Member.
3. Shri S. S. Kumar, Chief Engineer and Secretary to the Government of Punjab P.W.D., Electricity Branch, Chandigarh . . . . . Member.
4. Shri S.G. Nadkarni, Electrical Engineer to the Government of Bombay, Bombay . . . . . Member.
5. Shri N. N. Sen Gupta, Chief Electric Inspector to the Government of West Bengal, Calcutta . . . . Member.
6. Shri G. Chandy, Chief Electrical Engineer to the Government of Mysore, Bangalore . . . . Member.
7. Shri B. N. Sibal, Chief Electrical Engineer to the Government of Madhya Bharat, Indore . . . . . Member.
8. Shri T. N. Idnani, Senior Project Officer, Central Water & Power Commission (Power Wing) . . . Member-Secretary.

1. Introductory.

The Indian Electricity Act, 1910 (IX of 1910) has been on the Statute Book for the last 44 years. During this period the following important amendments were made to the Act:—

(*a*) Section 1 (2) was amended to extend the application of the Act to the whole of India except the State of Jammu and Kashmir—*vide* Adaptation Order, 1950;

(*b*) Section 3 (3), whereby the Governor-General in Council was empowered to exercise control over the Local Governments in respect of grant of licences to persons for engaging in the business of supply of electricity to the public, was repealed—*vide* Section 2 and Schedule I of the Devolution Act, 1920 (XXXVIII of 1920) ;

(*c*) Section 10, whereby the Governor-General in Council was empowered to exercise control over the Local Governments in respect of variation of terms of purchase either on revocation of the licence or on its expiry, was amended—*vide* the Devolution Act, 1920 (XXXVIII of 1920) ;

(*d*) Section 36A was inserted to provide for constitution of the Central Electricity Board for making Rules under the Act—*vide* Section 3 of Indian Electricity (Amendment) Act, 1937 (X of 1937).

Other amendments during the above period were consequential on the constitutional changes of the country or were of minor nature.

2. Difficulties in the working and the administration of the Act were brought to the notice of the Government of India by various State Governments, institutions and individuals from time to time. Attempts were made to deal with such difficulties as they arose. As, however, such references were frequent and large in number, the Government of India requested the then Provincial Governments for their opinion on the shortcomings of the Act. The Provincial Governments raised a large number of important issues. The Government of India, therefore, considered it advisable to call an inter-State conference. Accordingly, a conference of the Electric Inspectors was held at New Delhi in December, 1928.

3. As a result of the deliberations of the Electric Inspectors' conference a (Draft) Indian Electricity (Amendment) Bill was prepared in 1938 and circulated to the Provincial Governments and the Chief Commissioners—*vide* circular No. A—803 dated the 22nd August, 1938 of the late Labour Department of the Government of India for their comments—Appendix I.

4. In 1939, the Government of U.P. set up a Committee to examine the defects and shortcomings of the Act and the Rules made thereunder.

5. Comments offered by the various Provincial Governments on the 1938 Bill and the report of the Committee appointed by the U.P. Government, raised many important issues. However, as a result of the conditions arising out of the World War II, action to amend the Act could not be taken. After the cessation of hostilities the matter was re-opened; but at that time, the Electricity (Supply) Bill which was being considered by the Government of India got preference and the question of amendments to the Indian Electricity Act, 1910 had to be held in abeyance.

6. Immediately after the passing of the Electricity (Supply) Act, 1948, the question of amendments to the Indian Electricity Act, 1910 was taken up. A detailed study of the various proposals for amendments was made by the Legal and Legislation Section of the late Central Electricity Commission in 1950 in the light of the following :—

(*a*) The views of the various State Governments, institutions and individuals on the shortcomings of the Act referred to the Government of India from time to time.

(*b*) The proceedings of the Electric Inspectors' Conference, held in December, 1928.

(*c*) The action taken by the various State Governments to amend the Act from time to time.

III. Changes in the composition of the Advisory Board.

12. Before the first meeting of the Board could be held, Shri K. N. Ranga Rao had retired from service and was replaced by his successor Shri R. Vanchinathan—*vide* Ministry of Irrigation & Power Notification No. EL-II-213(4)II, dated the 13th October 1953—Appendix IV(c).

13. The first meeting of the Board was held at New Delhi from the 23rd to the 25th of November, 1953. On the night of the 24th November, 1953, Dr. K. P. P. Menon, Chairman of the Board, unfortunately took ill and could not participate in its deliberations on the 25th November, 1953. As he did not desire to continue on the Board, he was replaced by Shri S. S. Kumar as Chairman of the Board and Shri H. S. Kulkarni, Deputy Chief Engineer, Central Water & Power Commission (Power Wing) Simla, was appointed as a member.

14. The Ministry of Defence, *vide* its Office Memorandum No. 42466/E4/8534-ED (Q.Eng.) dated 15-12-53, addressed to the Ministry of Irrigation & Power, desired that its representative may also be nominated to the Board as the interest of the Defence services was vitally linked up with the provisions of the Act, and recommended the appointment of Shri D. V. Kohli, Staff Officer (E/M) Grade I, Engineer-in-Chief's Branch, Army Headquarters, New Delhi, as a Member of the Board.

15. The Ministry of Irrigation and Power, *vide* its Order, No. EL-II-213(4)I dated 28-1-54 and Notification No. EL-II-213(4)II dated 1-2-54—Appendices (d) and (e) increased the membership of the Board from 8 to 9 and notified the changes in the personnel of the Board.

16. Shri B. N. Sibal relinquished charge of the office of the Chief Electrical Engineer, Government of Madhya Bharat, on 31-8-54 and Shri S. N. Razdan who succeeded him was appointed in his place, *vide* Ministry of Irrigation and Power Notification No. E L-II-213 (4)II dated 9-10-54—Appendix IV (f).

IV. Terms of reference.

17. The terms of reference as contained in Order No. EL-II-213(4)I, dated 17-9-53 of the Ministry of Irrigation & Power-Appendix IV (a) were as summarised below:—

(1) Duties of the Board—

The Board shall make detailed study of the question of amending the Act in the light of:—

(*a*) The views of the various individuals, institutions and State Governments received by the Government of India ;

(*b*) the proceedings of the conference of The Electric Inspectors held in December, 1928;

(*c*) the action taken by the State Governments to amend the Act ;

(*d*) the comments of the State Governments on the (Draft) Amending Bill circulated by the late Labour Department on the 22nd August 1938 ;

(*e*) comparable legislation abroad ;

(*f*) Electricity (Supply) Act, 1948; and

(*g*) any other matter considered relevant by the Board;

and shall recommend within six months to the Government of India, their proposals to amend the Act.

(2) Procedure of the Board :—

(1) The Board shall regulate its own procedure subject to any directions that may be given by the Central Government from time to time;

(2) Board may determine any matter with the aid of assessors special fied for the purpose;

(3) h assessor shall be nominated by the Central Government.

ice of the Members of the Board—In accordance with the provisions der No. EL-II-213 (4) I dated 17-9-53 of the Ministry of Irrigation IV (a)] the tenure of office of the Members of the Board was 6 months. efore, required to make its recommendations to the Government

of India by 17th March 1954. However, the Board could not submit its report by the due date on account of the following reasons:—

(1) The first meeting of the Board could not be held for over two months after its constitution in September 1953 due to the preoccupation of The Legal and Legislation Section of the Central Water and Power Commission (Power Wing) in connection with the 8th meeting of the Central Electricity Board which was held in October 1953 to finalise the (Draft) Indian Electricity Rules, published in the *Gazette of India Extra-Ordinary, Part II, Section 3,* dated 17th February 1951.

(2) The State Governments were requested by the Ministry of Irrigation & Power on the 18th February 1954 to send their comments on the (Draft) amendments to the Act proposed by the Board within one month of the date of their receipt. Some of the State Governments did not send them until the last week of August 1954. As the amendments were of vital interest to all concerned, the Board considered it desirable to wait till the comments from all the State Governments had been received.

19. The tenure of office of the Board had, therefore, to be extended from time to time till the 17th December, 1954—*vide* Orders Nos. EL-II-213 (4)/I, dated 23-4-54, 4-8-54, and 9-10-54 of the Ministry of Irrigation & Power at Appendices IV (g), (h) and (i) respectively.

V. Proceedings of the Advisory Board.

20. The Board held five meetings and was in session for 20 days.

21. First Meeting.—The first meeting was held in the office of the Central Water and Power Commission (Power Wing) at New Delhi from the 23rd to the 25th November, 1953.

The following were present :—

1. Dr. K. P. P. Menon . . . . . Chairman.
2. Shri R. Vanchinathan . . . . . Member.
3. Shri S. S. Kumar . . . . . Member.
4. Shri S. G. Nadkarni . . . . . Member.
5. Shri N. N. Sen Gupta . . . . . Member.
6. Shri G. Chandy . . . . . Member.
7. Shri B. N. Sibal . . . . . Member.
8. Shri T. N. Idnani . . . . . Member-Secretary.

The proceedings commenced with a speech by Dr. Menon who narrated in brief the facts leading to the appointment of the Board and explained the principles on which the proposals of the Central Electricity Commission for amendments to the Act were based.

During this meeting, the following statements were considered by the Board:—

(*a*) Statement of the proposed amendments to the Act prepared by the Central Electricity Commission in 1950—Appendix II.

(*b*) 198 comments out of the 268 comments contained in the statement of comments informally received from the Members of the Central Electricity Board on the statement of the amendments to the Act proposed by the commission—Appendix III.

22. Second Meeting.—The second meeting was held in the P.W.D. Offices, Bomb from the 13th to the 16th January 1954.

The following were present :—

1. Shri S. S. Kumar . . . . . Chairm
2. Shri S. G. Nadkarni . . . . . Me
3. Shri N. N. Sen Gupta . . . . . M
4. Shri M. V. Srinivasamurthy I
5. Shri B. N. Sibal . . . . . .
6. Shri H. S. Kulkarni . . . . . .
7. Shri T. N. Idnani . . . . . .

In this meeting, the Board considered the remaining 71 comments informally received from the Members of the Central Electricity Board, contained in the statement at Appendix III. The Board also considered the proposals for amendments which had been recevied by the Government of India from various State Governments and other persons subsequent to the preparation of the Statement of the amendments to the Act suggested by the Commission and contained in Appendix II—Appendix V.

23. Based on the decisions taken by the Board in its second meeting, a statement of the (Draft) amendments to the Act as proposed by the Board was prepared and was circulated to the various Ministries of the Government of India, the State Governments through the Ministry of Irrigation and Power—*vide* its circular No. EL-II-213 (4), dated 18-2-54 and to the Federation of Electricity Undertakings of India and to the Associated Chambers of Commerce of India for their comments—Appendix VI. A total number of 422 comments were received from the above bodies and other persons. These were scrutinised and compiled by the Legal and Legislation Section of the Central Water and Power Commission (Power Wing) and are contained in Appendix VII.

24. The third meeting of the Board could not be held till the beginning of September 1954 as some of the State Governments did not forward their comments even upto the last week of August, 1954. As the question of amendments to the Act was of vital importance to all concerned, the Board had, perforce, to wait till the comments from all the State Governments were received.

25. Third meeting.—The third meeting of the Board was held in the office of the Central Water and Power Commission (Power Wing), Simla from the 2nd to the 8th September, 1954.

The following were present:—

1. Shri S. S. Kumar	Chairman.
2. Shri R. Vanchinathan	Member.
3. Shri S. G. Nadkarni	Member.
4. Shri N. N. Sen Gupta	Member.
5. Shri H. S. Kulkarni	Member.
6. Shri B. M. Ahuja	Representing Shri D. V. Kohli, Member.
7. Shri T. N. Idnani	Member-Secretary.

Shri H. C. Gupta, I.C.S., Joint Secretary, Ministry of Irrigation and Power attended this meeting by invitation.

The Federation of Electricity Undertakings of India, in its letter No. FE U/38/691/54, dated 26-2-54 addressed to the Board, desired to place its views personally before the Board. Accordingly, the Federation was invited to send its representatives to confer with the Board. Sarv-shri N. N. Iengar, J. A. Colaco and R. P. Aiyar representing the Federation conferred with the Board on the 6th September 1954 in regard to the following :—

(*a*) The State Governments should constitute State Electricity Boards as envisaged under the Electricity (Supply) Act, 1948 without any delay.

(*b*) The purchase price to be paid to the outgoing licensee on the revocation or on the expiry of the period of his licence should not be altered from 'fair market value' to 'net book value' as had been proposed by the Board and in no case should such a fundamental change be made applicable to the existing licensees.

(*c*) The maximum periods of the licence as provided in section 7 of the Act should not be reduced from 50 and 20 years to 20 and 10 years respectively.

(*d*) The licensee should have the right to lay down a service line for an occupier of a premises without the consent of the owner who unreasonably withholds the consent required under the provisions of the existing section 12(2).

(*e*) The proposed provision relating to the laying down of service lines free of cost to the consumers would create serious financial difficulties to many licensees, particularly the small ones.

The Board considered 422 comments referred to in para. 23 supra and the points raised by the representatives of the Federation.

26. Fourth Meeting.—The fourth meeting of the Board was held in the P.W.D. Offices, Bombay from the 4th to the 6th November, 1954.

The following were present:—

1. Shri S. S. Kumar	Chairman.
2. Shri R. Vanchinathan	Member.
3. Shri S. G. Nadkarni	Member.
4. Shri N. N. Sen Gupta	Member.
5. Shri H. S. Kulkarni	Member.
6. Shri T. N. Idnani	Member-Secretary.

In this meeting, the Board scrutinised the statements of the (Draft) amendments to the various sections and the clauses of the Schedule to the Act based on the decisions taken in its third meeting and also considered the following proposals received after the third meeting:—

(*a*) Proposal of Shri K. Sreepathirao, President, Nagpur Electric Light and Power Co. Ltd., Employees Union, Nagpur for an amendment to the Act to provide for free supply of electrical energy to the employees working in public electric utilities.

(*b*) Proposal of the All India Radio Merchants' Association (Delhi Zone) for recommending a suitable statutory provision for safeguarding wireless communication against interference from generation, transmission, supply or use of electricity.

During this meeting the Board also considered the draft of its report to be submitted to the Government.

27. The Board held the fifth and the last meeting at New Delhi from the 10th to the 12th December 1954.

The following were present :—

1. Shri S. S. Kumar	Chairman.
2. Shri R. Vanchinathan	Member.
3. Shri S. G. Nadkarni	Member.
4. Shri N. N. Sen Gupta	Member.
5. Shri S. N. Razdan*	Member.
6. Shri H. S. Kulkarni	Member.
7. Shri T. N. Idnani	Member-Secretary.

*Shri S. N. Razdan could not attend this meeting on the 11th and the 12th December 1954 having been called back by his Government.

In this meeting the Board finalised the draft of the various sections and clauses of the Schedule to the Act as proposed to be amended (Appendix VIII) and scrutinised the draft of the Bill for amendment of the Act based on the decisions taken in its fourth meeting—Appendix IX.

VI. Important features of the proposed amendments.

28. In arriving at its decisions, the Board kept in view the following principles:—

(*a*) Line up the provisions of the Indian Electricity Act, 1910 with those of the Electricity (Supply) Act, 1948.

(*b*) Encouarge electrical development.

(*c*) Ensure equitable treatment to both the supplier and the consumer.

(*d*) Recognize the rights of the owners of property enjoyed by them under the common law.

(*e*) Enutle, as far as possible, the consumers receiving supply from State Government Electricity Departments, the State Electricity Boards or other suppliers of energy engaged in the business of supplying energy to the public to the same rights and privileges as are enjoyed by the consumers of a private or company licensee.

(*f*) Remove ambiguities and shortcomings.

(*g*) Ensure continuity of supply to essential services etc.

29. Important amendments recommended are as under:—

Section 2.—The definition of the word 'consumer' has been amended to include consumers receiving supply from all classes of suppliers of electrical energy to the public.

The definition of the word 'licensee' has been amended to include the State Government when engaged in the business of supplying energy to the public except that its obligations would be limited to those as are imposed on the State Electricity Boards under section 26 of the Electricity (Supply) Act, 1948.

Sections 4 *and* 4*A*.—Under the Electricity (Supply) Act, 1948, the State Electricity Boards are empowered to exercise control over financial and development policies of licensees. The Boards are, therefore, in a position to know the state of affairs of the licensee Provision has, accordingly, been made for consultation by the State Government with the Board at the time of the revocation of a licence.

As the Board is the licensee for the whole of the State, provision has also been made for consultation with the Board at the time of alterations or amendments to the licence.

Section 5.—The existing provisions provide for delivery of the undertaking on payment of the value of the undertaking, *i.e.*, after the sale is completed. In the event of disagreement as to the purchase price, the matter is referable to arbitration which usually takes time. This results in deterioration in the supply as the outgoing licensee is no longer interested in the well being of the undertaking. Provision has, therefore, been made for enabling the State Government to direct the licensee whose licence has been revoked to deliver the undertaking to the designated purchaser pending determination and payment of the purchase price.

Section 6.—Under the existing provisions of the Act a Local Authority licence is perpetual. Undertaking of a Local Authority cannot, therefore, be acquired unless the licence is revoked. Occasions may arise when purchase of a Local Authority undertaking by the State Electricity Board may be necessary in the interest of rationalization and co-ordination of the production and supply of energy. Provision has, therefore, been made for the purchase of a local authority undertaking by the State Electricity Board where a scheme sanctioned under section 29 of the Electricity (Supply) Act, 1948 so provides.

Section 7.—The periods for the first and subsequent option of purchase of a licensee's undertaking have been reduced from 50 and 20 years to 20 and 10 years respectively with a view to achieve the objectives of the Electricity (Supply) Act, 1948.

The order of priority for the purchase of a licensee's undertaking has been altered to line up with the provisions of section 71 of the Electricity (Supply) Act, 1948 whereby the right of purchase of the undertaking which, at present, is vested in the Local Authority and the State Government has been transferred to the State Electricity Board.

The obligations of the licensee whose undertaking has been sold, have been passed on to the purchaser irrespective of whether the purchaser is the State Electricity Board or the State Government.

Similar provisions have also been made in section 5.

Section 20.—Provision has been made to empower the licensee to enter for the purpose of examining, repairing, altering or removing his electric supply-lines or other works, also those premises to which supply is not given but on which the licensee has laid his electricity supply-lines or other works.

Section 22*A*.—The State Government has been empowered to direct a licensee to supply energy to essential services in certain circumstances.

Section 22*B*.—The State Government has been armed with powers to regulate the distribution, supply and use of energy in emergencies.

Section 28.—Provision has been made for consultation with the Ministry of Defence. if concerned, at the time of granting a sanction to a non-licensee for engaging in the business of supplying electricity to the public.

Section 33.—Power has been given to the Central Electricity Board to prescribe forms for reporting occurrence of electrical accidents so as to achieve uniformity throughout the country.

Provision has been made, on the lines of the Factories Act, 1948 and the Mines Act, 1952 for giving to the officers investigating into electrical accidents, powers of a Civil Court under the Code of Civil Procedure, 1908 for the purpose of enforcing attendance of witnesses

and compelling production of documents and material objects to facilitate correct investigations.

Section 36.—The Central Government has been empowered to appoint Electric Inspectors for installations belonging to Postal and Telegraph Department, Broadcasting Department and the installations belonging to and under the control of the Ministry of Defence in addition to Mines, Oilfields and Railways.

Section 37.—The rules made by the Central Electricity Board under clauses (i), (j), & (k) of section 37 (2) have been made binding on the Government in view of the increased interest of the Government in respect of supply and use of electrical energy.

Section 51.—The benefit of the provisions of section 51 has been extended to other suppliers of energy engaging in the business of supplying energy to the public.

Clauses V, VI and IX.—'Reasonable Return' for the purpose of these clauses has been specified.

Clause VI.—Provision in respect of the ownership of service line has been made definite. The ownership of the portion of the service line paid for by the consumer before the coming into force of the amendments recommended in this report has been vested in the licensee for all purposes except for the purpose of payment of compensation therefor at the time of the transfer of the undertaking either on revocation or on the expiry of the licence. Provision has also been made for requiring the licensee to lay down service line free of cost to the consumer.

Clause VIII.—With a view to economy in the matter of supply for public lamps, provision has been made whereby the licensee would be required to place and maintain mains and other equipment required for public lamps on his supports.

VII. Suggestions for amending the Electricity (Supply) Act, 1948 (LIV of 1948).

30. *Section* 26.—Under the proviso to section 26 of the Electricity (Supply) Act, 1948, the State Electricity Board *inter-alia* is exempted from the provisions of section 23 and clause VI of the Schedule to the Indian Electricity Act, 1910. Under section 23 of the Indian Electricity Act, 1910, a licensee is not permitted to show undue preference to any person in respect of charges for the supply of energy. Similar obligation has been imposed on the State Electricity under the provisions of sections 47 and 49 of the Electricity (Supply) Act, 1948. Exemption of the State Electricity Board from the provisions of section 23 of the Indian Electricity Act, 1910 under the proviso to section 26 of the Electricity (Supply) Act, 1948 would, therefore, appear to be anomalous. This anomaly is required to be rectified by amending the proviso to section 26 of the Electricity (Supply) Act, 1948.

Vide paragraph 29 *supra*, the Board has recommended amendments of clauses VI and VIII of the Schedule to the Indian Electricity Act, 1910, whereby a licensee would be required to lay down service-line free of any charges to the intending consumer and place and maintain mains and other equipment required for public lamps on his supports respectively. Under section 71 of the Electricity (Supply) Act, 1948, option to purchase the undertaking either on revocation or on expiry of a licence exercisable by the Local Authority or the State Government has been transferred to the State Electricity Board. Under the proviso to section 26 of the Electricity (Supply) Act, 1948, the State Electricity Board is exempted from complying with the provisions of clauses VI and VIII of the Schedule to the Indian Electricity Act, 1910. On the transfer of the undertaking from a licensee to the Board, the consumers including public lighting Authority of the area will be deprived of the benefits enjoyed by them before such transfer. This is not considered equitable. It is, therefore, considered that similar obligation should be imposed on the State Electricity Board as well. Accordingly, it is recommended that Section 26 of the Electricity (Supply) Act, 1948 may be amended to withdraw the exemption.

Section 70.—Under the provisions of the Electricity (Supply) Act, 1948, the State Electricity Board has been charged with the general duty of promoting the co-ordinated development of generation, supply and distribution of electricity within the State in a most efficient and economic manner with particular reference to such development in areas not for the time being served or adequately served by any licensee. It would, therefore, be in order if the State Government is required to take the consent of the State Electricity Board before granting new licences. The proviso to this section should, therefore, be amended to provide for the consent instead of the consultation of the State Electricity Board before granting new licences.

Section 77.—When a licensee fails to comply with any of the provisions of the Indian Electricity Act, 1910 or of the Rules thereunder, or the Electricity (Supply) Act, 1948, he renders himself liable for punishment. Similarly, if a licensee, fails to comply with the provisions of the Indian Companies Act, 1913, he renders himself liable for punishment under that Act. As non-compliance with the provisions of law by the licensee is due mainly to the fault on the part of the management, it would not be equitable to require the consumers to pay such penalties in the form of charges for electricity. Such fines should, therefore, be paid by the licensee out of his reasonable return or distributable profits. It is, therefore, suggested that section 77 should be suitably amended to provide for payment of fines paid or payable by the licensee under any enactments applicable in his case for his failure to comply with the provisions of the enactments out of his reasonable return or distributable profits.

The Fourth Schedule.—When a generating station, main transmission line or an undertaking is to be acquired by the Board either under the First Schedule or under the Third Schedule to the Electricity (Supply) Act, 1948, the price to be paid for such acquisition is to be 'depreciated book cost', as laid down in the Fourth Schedule. On the other hand, if an undertaking is to be acquired by the Board under sections 5 and 7 of the Indian Electricity Act, 1910 in pursuance of the provisions of section 71 of the Electricity (Supply) Act, 1948 the purchase price is to be the 'fair market value'. The Board therefore, considered it desirable to line up the two provisions and provide for the acquisition of the undertaking either on depreciated book cost basis or on the fair market value basis. After full and mature consideration of the matter the Board came to the conclusion that the fair market value basis would be more appropriate in both cases. Accordingly the existing provisions of sections 5 and 7 of the Indian Electricity Act, 1910, in this respect have been retained.

In arriving at the above decision, the Board kept in view the following:—

(*a*) Article 31 of the Constitution of India lays down that no property moveable or immoveable shall be taken possession of or acquired under any law without payment of compensation. In a recent Supreme Court judgment in the case of West Bengal Government *vs.* Mrs. B. Banerjee (Civil Appeal No. 123 of 1952) the Supreme Court held that what is determined as payable must be compensation, that is, a just equivalent of what the owner has been deprived of. The Court also held that it is a justiciable issue to be adjudicated by the Court.

(*b*) Almost all licences so far granted under the Indian Electricity Act, 1910, provide for sale of an undertaking on fair market value basis. It would amount to breach of contract if the basis of valuation were altered in such cases.

(*c*) The fair market value basis would serve as an inducement to the licensees to maintain their assets in good condition with a view to secure better price at the time of sale. If, on the other hand, depreciated book cost basis were provided the licensees would not care to maintain their assets properly to secure better price.

(*d*) The outgoing licensee is not affected by the fluctuation in the money value and the incoming licensee is assured that he is not required to pay more than what is necessary to establish similar assets in similar state of repairs.

The Board, therefore, consider that it is the Electricity (Supply) Act, 1948, which may require to be amended in this regard and not the Indian Electricity Act, 1910.

Under paragraph XVII (a) of the First Schedule to the Electricity (Supply) Act, 1948 (Permanent closing down of Controlled Stations) and under paragraph V (a) of the Third Schedule to the above act (Closing down of Generating Stations other than Controlled Stations) the licensee is entitled to sell his station to parties other than the State Electricity Board at any time after the date of closing down. Alternatively the licensee can require the Board to purchase either his generating station or his whole undertaking under paragraph XVII (b) of the First Schedule and paragraph V(b) of the Third Schedule to the Act. The price to be paid for such purchase is to be the 'depreciated book cost' as provided in Fourth Schedule. In other words, when the licensee finds that the 'depreciated book cost' will be advantageous to him, he will require the Board to purchase his Station or Undertaking, at the 'depreciated book cost' otherwise he will sell his Station elsewhere at the 'fair market value'.

It is, therefore, suggested that the Government may consider the advisability of suitably amending the Fourth Schedule to the Electricity (Supply) Act, 1948.

VIII. Acknowledgments.

31. The Board deeply regrets the loss of valuable guidance due to sudden illness of Dr. K. P. P. Menon who was very closely associated with the work of the Board. The Board desires to place on record its appreciation of the excellent manner in which he initiated the deliberations at its first meeting.

In considering the comments informally received from the Members of the Central Electricity Board on the amendments to the Act proposed by the Central Electricity Commission and those received from the various Ministries of the Government of India, State Governments, the Federation of Electricity Undertakings of India etc. on the (Dr amendments proposed by the Board and circulated to the above bodies, the Board had benefit of the remarks of the Member-Secretary on the above comments without w the Board would not have been able to complete its work expeditiously—*vide* Appe ces III and VII.

The Board also desires to place on record the appreciation of the assistanc by Shri D. G. Shinde, Assistant Director, Central Water and Power Commiss Wing) in all its work, whose untiring efforts greatly facilitated its task.

IX. Recommendations of the Board.

32. The Board unanimously agrees to recommend to the Government of India the draft Bill amending the Indian Electricity Act, 1910, given in Appendix I.

1. Sd/- S. S. Kumar . . . . . Chairman
2. S/d. R. Nagabhushan . . . . . Member.
3. S/d. S. G. Nadkarni . . . . . Member.
4. S/d. N. N. Sen Gupta . . . . . Member.
5. S/d. H. S. Kulkarni . . . . . Member.
6. S/d. T. N. Idnani . . . . . Member-Secretary.

Sarv-Shri G. Chandy, S. N. Razdan and D. V. Kohli have not signed this report as they were not present.

सत्यमेव जयते

NEW DELHI;

The 12th December, 1954.

CIRCULAR No. A—803 DATED 22ND AUG., 1938 OF THE LATE LABOUR DEPARTMENT OF THE GOVERNMENT OF INDIA.

सत्यमेव जयते


सत्यमेव जयते

Appendix I

GOVERNMENT OF INDIA

DEPARTMENT OF LABOUR

No. A. 803 *Dated, Simla, the 22nd August,* 1938.

FROM

THE HON'BLE MR. M. S. A. HYDARI, C.I.E., I.C.S.,
Secretary to the Government of India.

To

ALL PROVINCIAL GOVERNMENTS AND CHIEF COMMISSIONERS.

SIR,

I am directed to enclose a rough draft Bill containing a number of amendments proposed in the Indian Electricity Act (IX of 1910), together with an explanatory memorandum.

2. The main amendments (Clauses 1 to 6) relate to the sections dealing with the termination of licences and the procedure connected with and consequent on such termination. Various difficulties have arisen in connection with this procedure in recent years, and these, with certain tentative proposals for amendment, were discussed by the Central Electricity Board, who were in favour of revision.

3. The occasion has been taken to include certain minor proposals (clauses 7 to 11) for amendment of other sections which have been found to be defective.

4. I am to request that $\frac{\text{the views of the Provincial Government of Madras, etc.}}{\text{your views}}$ may kindly be forwarded so as to reach this Department not later than the 1st December, 1938.

I have the honour to be,

Sir,

Your most obedient servant,

M. S. A. HYDARI,
Secretary to the Government of India.

Draft Bill.

Amendment of section 4, Act IX of 1910.

1. In sub-section (1) of section 4 of the Indian Electricity Act, 1910, IX of 1910—

(*a*) in clause (*d*), the words "the licensee is" and the words "by reason of his insolvency" shall be omitted, and after the words "in the opinion of the Provincial Government" the words "the financial position of the licensee is such that he is" shall be inserted ;

(*b*) after clause (*d*) the following proviso shall be added, namely :—

" Provided that no licence shall be revoked under clause (*a*), (*b*) or (*d*) of this sub-section unless the Provincial Government has first given to the licensee at least two months' notice of its intention to revoke the licence and has considered any cause shown within that period by the licensee against the proposed revocation ".

Substitution of new section 5, Act IX of 1910.

2. For section 5 of the said Act the following section shall be substituted, namely :—

Provisions where license of licensee, not being a local authority, is revoked.

" 5. (1) Where the Provincial Government revokes the license of a licensee, not being a local authority, under section 4, sub-section (1), clause (*c*), the Provincial Government shall serve a notice of revocation upon the licensee and on and with effect from the date on which such notice is served all the powers and liabilities of the licensee under this Act shall absolutely cease and determine.

(2) Where the Provincial Government revokes under section 4, sub-section (1), clause (*a*), clause (*b*) or clause (*d*), the license of a licensee, not being a local authority, the following provisions shall have effect, namely:—

(*a*) the Provincial Government shall serve a notice of the revocation upon the licensee and shall in the notice fix a date on which the revocation shall take effect ; and on and with effect from that date, or on and with effect from the date if earlier on which the undertaking of the licensee is sold to a purchaser in pursuance of clause (*b*) or is delivered to a designated purchaser in pursuance of clause (*c*), all the powers and liabilities of the licensee under this Act shall absolutely cease and determine ;

(*b*) the Provincial Government may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking —

(1) to a local authorty, if such local authority is constituted for an area within which the whole of the area of supply is included, or

(2) where any other person is willing to purchase the undertaking, to that person, or

(3) to the Provincial Government itself ;

(*c*) where the Provincial Government issues any notice under clause (*b*), it may by such notice require the licensee to deliver and thereupon the licensee shall deliver by a date specified in the notice the undertaking to the designated purchaser pending the determination and payment of the purchase price of the undertaking ;

(*d*) the purchase price of the undertaking for the purpose of any sale under clause (*b*) shall be a sum representing the value of all lands, buildings, works, materials and plant of the licensee suitable to and used by him for the purposes of the undertaking, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be in case of difference or dispute determined by arbitration:

Provided that the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working,

and to the suitability of the same for the purposes of the undertaking, but without any addition in respect of compulsory purchase or of good-will or of any profits which may be or might have been made from the undertaking, or of any similar considerations ;

(*e*) where a sale has been directed in pursuance of clause (*b*), then upon the completion of the sale, or upon the date on which the undertaking is delivered to the designated purchaser in pursuance of clause (*c*)—

(1) the undertaking shall vest in the purchaser free from any debts, mortgages or similar obligations of the licensee, or attaching to the undertaking :

Provided that any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking ; and

(2) the rights, powers, authorities, duties and obligations of the licensee under his license shall pass to the purchaser and he shall be deemed to be the licensee ;

(*f*) if no order for sale is made under clause (*b*) before the date fixed in the notice under clause (*a*) as that on which the revocation shall take effect, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit :

Provided that if the licensee does not exercise such option within a period of six months from the date on which the same became exercisable, the Provincial Government may forthwith cause the works of the licensee in, under, over, along or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from any sum deposited or secured by the licensee under the provisions of the Schedule, or directly from the licensee . "

Amendment of section 6 of Act IX of 1910

3. In sub-section (1), of section 6 of the said Act for the words " and any " the following words shall be substituted, namely :—

" the Provincial Government shall have the option of purchasing the undertaking, and if the Provincial Government elects to purchase, the local authorty shall sell the undertaking to the Provincial Government upon terms and conditions similar to those set forth in section 5, sub-section (2), clause (*d*) ; or if any other " ;

Amendment of section 7 of Act IX of 1910

4. In section 7 of the said Act—

(*a*) in sub-section (1)—

(1) after the words " as shall be specified in this behalf in the license " the words " and subject to the previous sanction of the Provincial Government " shall be inserted ;

(2) the words " with the previous sanction of the Provincial Government " shall be omitted ;

(*b*) for sub-section (2) the following shall be substituted, *viz.*,

(2) Where—

(*a*) the local authority has not obtained an option to purchase under sub-section (1), or

(*b*) the whole area of supply is not included in the area for which a single local authority is constituted,

the Provincial Government shall have the like option upon the like terms and conditions.

(*c*) in sub-section (3) the proviso to clause (*b*) shall be omitted.

(*d*) in sub-section (4)—

(1) the words " Not less than two years " shall be omitted ;

(2) for the words " any election " the words " any intention to exercise an option " shall be substituted ; and

(3) after the words " as the case may be ", the following words shall be added, namely—

" not less than two years before the expiration of the period on the expiry of which the option to purchase arises ".

5. In the proviso to section 8 of the said Act, after the word and figure " section 5 " the word, brackets and figure " sub-section (2) " shall be inserted. Amendment of section 8, Act, IX of 1910

6. After section 8 of the said Act the following section shall be inserted, namely :— Insertion o new sectio 8A in Act IX of 1910

"8A. (1) If in the opinion of the Provincial Government it is necessary in order to secure the continuance of the supply of energy to the public by an undertaking supplying energy under a license, the Provincial Government may— Special pow ers for secur ing cotinuan ce of supply f energy

(*a*) by order in writing require the licensee, or any person controlling the supply or any establishment or thing ancillary thereto, to take or abstain from taking any action specified in the order, or

(*b*) after giving notice in writing to the licensee, or to any person controlling the supply or any establishment or thing ancillary thereto, or without such notice if such licensee or person has disobeyed or neglected to comply with an order made under clause (*a*), itself take over the working of the undertaking or the control of the supply or of any establishment or thing ancillary thereto, and take such order therewith as may, in the opinion of the Provincial Government, be necessary to secure the continuance of the supply of energy to the public by the undertaking.

(2) An order made under clause (*a*) of sub-section (1) shall specify the period for which it shall remain in force, and no such order shall remain in force for more than three months from the making thereof, nor shall the power conferred by clause (*b*) of sub-section (1) be exercised for more than three months on any one occasion.

(3) No order shall be made under clause (*a*) of sub-section (1) requiring any person to remain at work.

(4) Whoever disobeys or neglects to comply with any requirement of an order made under clause (*a*) or impedes the exercise of any power conferred by clause (*b*) of sub-section (1) shall be punishable with imprisonment which may extend to six months or with fine, or with both.

(5) No order made or action taken under the provisions of sub-section (1) shall be called in question by any Court, and no suit, prosecution or other proceeding shall be instituted against any person for anything done or in good faith purporting to be done under the said sub-section ".

7. In clause (*b*) of sub-section (1) of secton 30 of the said Act— Amendme of sectio 30, Act IX of 1910

(*a*) in sub-section (*ii*) for the words and figures "within the meaning of the Indian Factories Act, 1911 " the brackets, letter, words and figures, " as defined in clause (*j*) of secton 2 of the Factories Act, 1934 " shall be substituted.

(*b*) in sub-clause (*iii*) for the words and figures " within the meaning of the Indian Mines Act, 1901 " the words and figures, " subject to the operation of the Mines Act, 1923 " shall be substituted.

idment ction 1908 Act IX 1910

8. To section 33 of the said Act the following sub-secton shall be added, namely :—

" (3) The person appointed under sub-section (2) to hold any inquiry shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908, [V of 1908] for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects ; and every person required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of section 176 of the Indian Penal Code. XLV of 1860

Amendment of Section 40, Act IX of 1910

9. In section 40 of the said Act for the words " two years or with fine which may extend to one thousand rupees " the words " five years or with fine " shall be substituted.

Amendment of Section 54, Act IX of 1910

10. In section 54 of the said Act for the words " recoverable by section 5, clause (*f*), Section 6, sub-section (2), section 14, sub-section (2), clause (*h*), section 16, sub-section (2), section 18, sub-section (2) or sub-section (4), or section 26, sub-section (4) " the following words shall be substituted, namely :—

" recoverable by or under this Act ".

Amendment of clause VI of the Schedule, Act IX of 1910

11. In sub-provision (2) of provision VI of the Schedule to the said Act after the words " maintained by " the words, " and vest in " shall be inserted.

EXPLANATORY MEMORANDUM

Clause 1—Sub-clause (*a*) —The term " insolvency " has been interpreted in a legal sense as adjudicated insolvency. It is inexpedient that the Provincial Government should have to delay revocation, where the licensee is in serious financial embarrassment, until a court has adjudicated him to be bankrupt.

Sub-clause (*b*).—A notice to show cause is new. It is perhaps however implicit in existing section 5 and is clearly equitable. It might further serve as a warning to a licensee defaulting in the discharge of his duties.

Clause 2.—New section 5—Sub-section (1).—The provisions for revocation on the grounds set out in existing section 4(1) (*c*) have been separated and put in this new sub-section. The procedure prescribed in existing section 5 for finding a new licensee on revocation had to be followed in all cases of compulsory revocation including revocation for failure to deposit security or to satisfy Government that the licensee was in a position to discharge his duties and obligations. Clause I of the Schedule makes it clear that the licensee has to fulfil these two conditions before he is permitted to exercise any of his powers in relation to the execution of works. Where he fails to fulfil them, there would normally be no works to value and sell and no necessity to follow the special procedure laid down in existing section 5. All that is required, therefore, is a provision to enable the Provincial Government to cancel the license when these two initial conditions have not been fulfilled.

Sub-section (2)—The existing procedure in section 5 has been found faulty in several respects—

(1) It entails unnecessary delay in cases where a local authority has jurisdiction. The date to be fixed in the notice under clause (*a*) must be more than 3 months ahead to give the local authority the period prescribed in clause (*b*) within which to consider a purchase, even though the Provincial Government may at the time of issuing the notice have decided not to permit the local authority to purchase. If the local authorty does not purchase, the Provincial Government has under clause (*d*) to let " such time as it may consider reasonable " intervene, during which private persons may negotiate for the undertaking, before it can itself purchase. It has been represented that continuity of supply is essential in the public interest, and that it is desirable to transfer an undertaking from a licensee who is under notice of revocation, as early as possible. The rigid procedure of fixing a date under clause (*a*) would make it impossible to satisfy these desiderata.

(2) It is highly doubtful when revocation is to take effect, Clause (*a*) says from the date fixed in the notice (*i.e.*, more than 3 months after the service of the notice) ; clause (*b*) however requires that the licensee " thereupon shall sell " to a local authority electing to purchase, and that that election must be made within 3 months of the service of the notice. Clauses (*c*) and (*d*) also provide for sale immediately on election to purchase, and clause (*e*) passes to the purchaser on sale all the rights and liabilities of the licensee. Clause (*g*) contemplates the possibility of the sale (and presumably valuation, arbitration and payment) not being completed before the date of revocation fixed under clause (*a*), and thus suggests that

sale may be a lengthy affair. It is silent as to the possibility of anticipating revocation by sale. It is possible for a licensee to embarrass a prospective purchaser by refusing to deliver the undertaking until sale and valuation have been completed and difficulty has been experienced in this respect.

(3) Clause (*g*), which was added at the last moment in Select Committee, fails to serve its purpose in other respects. It does not permit interim management until a purchaser has been found, and appears to ignore the case of a Provincial Government being itself the purchaser.

(4) It appears from the wording of clauses (*c*) and (*d*) that the Provincial Government has no power to permit purchase by a private person in cases where the area of supply is not wholly within the jurisdiction of a single local authority.

The new sub-section is designed to allow elasticity of procedure. Two months' notice, to show cause is, if the license is to be revoked, followed by a notice under (2) (*a*) fixing the date of revocation. A further notice to sell the undertaking under (2) (b) and (if necessary), to deliver under (2) (*c*) can be issued at any time after the expiry of the two months' notice to show cause. Revocation would ordinarily take effect from the date fixed in the notice under (2) (*a*), but if an order for sale is issued earlier than that date, the undertaking passes at once. Refusal to comply with an order for delivery would be punishable under section 47.

The proviso to (2) (*f*) gives power to recover from deposits or securities the cost of reinstating streets, etc. This is the purpose of demanding security, *vide* clause I (*c*) of the Schedule.

Clause 3.—Section 6 does not give the Provincial Government power to purchase the undertaking on revocation of a local authority's license. There appears to be no justification for this omission.

Clause 4.—Sub-clauses (*a*) and (*d*) make the previous sanction of the Provincial Government necessary before the local authority's option arises, and therefore, the sanction of the Provincial Government must be obtained before any notice of an intention to exercise the option can issue under sub-section (4). It is undesirable that the licensee should be left for two years in doubt of the Provincial Government's intentions.

Sub-clause (*b*) makes it clear that the Provincial Government's option to purchase arises not only in the cases mentioned in clauses (*b*) and (*c*) of sub-secton (2), but also when the local authority has failed to obtain the Provincial Government's sanction to its option under sub-section (1), Clause (*c*) of sub-section (2) becomes superfluous.

Sub-clause (*c*) deletes a proviso that has also been omitted in the redraft of section 5. It stood as proviso to section 5(*e*) (*ii*). The effect of the proviso is to indicate that a Provincial Government cannot be a licensee and is thus unable to exercise the powers of a licensee under the Act.

Clause 5.—This is a consequential amendment.

Clause 6.—Several Provincial Governments have urged the necessity of a provision both to secure interim management of an undertaking pending final revocation, and for powers to secure continuity of supply for short periods where it is endangered, but either no grounds for revocation exist or it is considered undesirable to have recourse to such drastic action. The new section is borrowed from the N.W.F.P. Control of Public Utility Services Act. The period of 3 months in sub-clause (2) should be sufficient to tide over the period for showing cause against revocation and subsequent procedure, when an undertaking is in so unsatisfactory a condition that the public interest requires an immediate remedy.

Clause 7.—Sub-clauses (*a*) and (*b*) correct the references to the Factories and Mines Acts. The present references, read in the light of Section 8(1) of the General Clauses Act, are misleading as there are two types of factories " within the meaning of the Factories Act " of which only one should be included, while certain excavations which are defined as " mines " in the Mines Act are exempted from its scope and need not find a place in this section.

Clause 8.—The provision which is taken bodily from section 21(2) of the Mines Act, 1923, is designed to fill a want expressed by the Conference of Electric Inspectors in 1928.

Clause 9.—The Bengal Government desire the enhancement of the penalty for sabotage in public supply works to five years without limit of fine, the penalty prescribed in sections 430 and 432 of the Indian Penal Code. The offence would thus become cognizable.

Clause 10.—The reference to section 5, clause (*f*), has to be corrected consequentially on the redrafting and renumbering of the clauses in section 5. The list of provisions which declare fines to be recoverable omits the third proviso to sub-clause (1) of clause VI of the Schedule. The amendment would also make it possible to use the procedure in this section in respect of sums declared to be recoverable under the Rules, *e.g.*, 70(2).

Clause 11.—Judicial decisions have left doubtful the question of ownership of service lines. The sub-clause suggests that they do not vest in the licensee, and the insertion is made here to make it clear that they do.

सत्यमेव जयते

APPENDIX II—STATEMENT OF THE PROPOSED AMENDMENTS TO THE INDIAN ELECTRICITY ACT, 1910.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
1	GENERAL	..	CEC .	(*i*) Substitute the words 'Union Government' for the words 'Central Government' and the words 'State Government' for the words Provincial Government', wherever they occur in this Act. (*ii*) Substitute the words 'Electrical Inspector' for the words 'Electric Inspector' wherever they occur in this Act.	The words ' Central Government ' are substituted for 'Governor General in Council ' and the words 'Provincial Government for ' Local Government' by the Government of India (Adaptation of Indian Laws) Order 1937. The change now suggested is consequential to the change in the constitutional set up of the country. The word 'Electrical' is considered more appropriate than the word 'Electric.' The word ' Electrical ' means relating to or connected with electricity. The word ' Electric' means charged with or pertaining to or producing or operated by means of electricity.		
2	1 (2) .	**Short title, extent and commencement.—** It extends to the whole of British India, inclusive of British Baluchistan and the Santhal Parganas; and	CEC	In place of Sub-section (2) substitute— 'It extends to the whole of *India *** .... **except the State of Jammu and Kashmir* ; and'	This is consequential to the change in the constitutional set up of the country.	Same as under column No. 5	

		Definitions—				**Definitions—**
3	2(*c*) .	'Consumer' means any person who is supplied with energy by a licensee, or whose premises are for the time being connected for the purposes of a supply of energy with the works of a licensee:	Electrical Inspectors Conference 1928 amended by CEC.	In Sub-section (*c*) insert the words 'or a sanction holder under Section 28' after the word 'licensee' wherever it occurs in this definition.	At present those connected to systems of sanction holders under section 28 are not reckoned as consumers. Consumers taking supply from sanction holders should not be at a disadvantage when compared to consumers taking supply from licensees.	2(*c*) ' consumer ' means any person who is supplied with energy by a licensee *or a sanction holder under Section* 28 or whose premises are for the time being connected for the purposes of a supply of energy with the works of a licensee *or a sanction holder.*
4	2(*f*) .	'electric supply-line' means a wire, conductor or other means used for conveying, transmitting or distributing energy together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing, such energy :	Do.	In Sub-section (*f*)—(*a*) insert the words 'or any posts, brackets, cross-arms, stays, struts, safety devices or mechanised or electrical contrivances used in connection therewith' between the words 'or any part thereof' and the words 'or any apparatus connected therewith', (*b*) at the end, add the words 'either by an aerial line or lines or by underground cable or cables'.	It is considered desirable to amplify the definition.	2 (*f*) 'electric supply-line' means a wire, conductor, or other means used for conveying, transmitting or distributing energy together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, *or any posts, brackets, cross-arms, stays, struts, safety devices or mechanised or electrical contrivances used in connection therewith,* or any apparatus, connected therewith for the purpose of so conveying, transmitting or distributing, such energy, *either by an aerial line or lines or by underground cable or cables.*
5	2 (*g*) .	'energy' means electrical energy when generated, transmitted, supplied or used for any purpose except the transmission of a message :	Electrical Inspectors Conference 1928 Amended, by CEC.	From the end of the Sub-section (*g*) delete the words 'except the transmission of a message.'	In view of the development of broad-casting and wireless telegraphy, it is necessary to fix the responsibility on some authority for inspection of such installation.	2(*g*) ' energy ' means electrical energy when generated, transmitted, supplied or used for any purpose ***

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of t e section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
6	NEW .		CEC .	Add the following new definitions :— '*Date of vesting' means the date on which the undertaking, or any asset forming part thereof, of a licensee vests in the State Electricity Board, the State Government or a purchaser as the case may be.*	This expression has been taken from Fourth Schedule to the Electricity (Supply) Act, 1948, and has been amended to suit the requirements of its application to this Act.	Same as under column No. 5	
7	NEW .		CEC .	*'original cost'—of an asset means the amount of expenses certified or determined for the purposes of this Act to have been properly incurred on and incidental to the provision of the assets for the purpose of the undertaking or a part thereof.*	This expression has been taken from Fourth Schedule to the Electricity (Supply) Act, 1948, and has been amended to suit the requirements of its application to this Act.	Do.	
8	NEW .		CEC .	*'prescribed period' means—in respect of each of the assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the number of years or period specified therein, in relation to such assets, running in each case from the beginning of the year of account next following that in which the particular asset became available for use in the business.*	The expression has been taken from the Sixth Schedule to the Electricity (Supply) Act, 1948 and has been amended to suit the requirements of its application to this Act.	Do.	

				Provided that, on the application of the licensee or the purchaser, the State Government may vary the prescribed period in respect of any assets in use having regard to the physical condition of such assets if the application ..... of the table to such assets would be unreasonable.		
8—*contd.*	NEW—*contd.*	..	CEC .	*Any question arising out of the decision of the State Government on any such application shall be referred to the Authority for Arbitration. 'Authority' means the Central Water and Power Authority constituted under Section 21 of the Inter-State River and River Valleys (Regulation and Development) Act 195..*	This is a new definition in view of the formation of the C.W. & P.A. under the Inter-State River and River Valleys (Regulation & Development) Act 195.. and functions assigned to these Boards under this Act.	Same as under column No. 5
9	NEW .	..	CEC .	*'sanction holder'—means a Non-licensee who has been granted sanction to supply energy under Section 28 of the Act.*	..	Do.
	3(2) ..	**Grant of Licenses—** In respect of every such license and the grant thereof the following provisions shall have effect namely :— (*a*) any person applying for a license under this Part shall publish a notice of his application in the prescribed manner and with the prescribed particulars, and the license shall not be granted—	..	..	..	**Grant of Licenses—** 3(2) In respect of every such license and the grant thereof the following provisions shall have effect namely :— (*a*) any person applying for a license under this Part shall publish a notice of his application in the prescribed manner and with the prescribed particulars and the license shall not be granted—

Sl. No.	Section No.	Text of the section as it exists	Name of the pro poser	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
10	..	(*i*) until all objections received by the Provincial Government with reference thereto have been considered by it : Provided that no objection shall be so considered unless it is received before the expiration of three months from the date of the first publication of such notice as aforesaid ; and	CEC .	Omit the word 'and' at the end of the proviso to Sub-section 2 (*a*) (*i*).	This is consequential to the insertion of sub-section (2) (*a*) (*iii*).	(*i*) until all objections received by the State Government with reference thereto have been considered by it : Provided that no objection shall be so considered unless it is received before the expiration of three months from the date of the first publication of such notice as aforesaid ; *	
11	..	(*ii*) until, in the case of an application for a license for an area including the whole or any part of any cantonment, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for naval or military purposes, the Provincial Government has ascertained that there is no objection to the grant of the license on the part of the Engineer-in-Chief, Army Headquarters, India.	CEC CEC .	In Sub-section 2 (*a*)(*ii*) in 2nd line add the word 'aerodrome' between the words ' dockyard' and 'or' In sub-section 2(*a*) (*ii*) substitute the words—' Engineer-in-Chief', 'Army Headquarters' by 'Defence Department' Add the word 'and' at the end of sub-section 2(*a*) (*ii*).	Because of this important addition to defence installations in the conutry. This change is necessary to cover all the Defence areas including aerodrome and naval installations. This is consequential to the insertion of new Sub-section 2(*a*) (*iii*).	(*ii*) until, in the case of an application for a license for an area, including the whole or any part of any cantonment fortress, arsenal, dockyard, *aerodrome* or camp or of any building or place in the occupation of the Union Government for naval or military purposes, the State Government has ascertained that there is no objection to the grant of the license on the part of the **** *Defence Department* ; *and*	
12	3(2)-*contd.*	....	CEC .	Add a new Sub-section as 2(*a*)(*iii*)— (*iii*) *Without the consent of the State Electricity Board, where such a Board has been constituted, unless the State Government considers that such consent has been unreasonably withheld.*	Under Section 26 of the Electricity (Supply) Act, 1948, the State Electricity Board have a general license for the whole of the State and therefore it is necessary to make a specific provision for consulting them before the grant of a license.	Same as under column No. 5.	

	(*b*) where an objection is received from any local authority concerned, the Provincial Government shall, if in its opinion the objection is insufficient record in writing and communicate to such local authority its reasons for such opinion ;	..	..	..	(*b*) No change.	
	(*c*) no application for a license under this Part shall be made by any local authority except in pursuance of a resolution passed at a meeting of such authority held after one month's previous notice of the same and of the purpose thereof has been given in the manner in which notices of meetings of such local authority are usually given :	..	....	....	(*c*) No change.	
13	3(2)*contd.* (*d*) a license under this Part—(*i*) may prescribe such terms as to the limits within which, and the conditions under which, the supply of energy is to be compulsory or permissive, and as to the limits of price to be charged in respect of the supply of energy and generally as to such matters as the Provincial Government may think fit, and	CEC .	In Sub-section 2(*d*)(*i*) substitute the words ' financial principles and the rates' for the words ' limits of price.' Delete the word ' and ' at the end of the Sub-section, and add the following proviso : Provided that the licensee shall not increase any of the rates prescribed in his license within three years from the date of commencement of supply except with the prior approval of the State Government.	The provision of maxima charges in the licence is not in conformity with the provisions of Sections 57 & 58 and the Sixth Schedule to the Electricity (Supply) Act, 1948 in accordance with which a licensee is required to adjust his rates from time to time depending upon the results of his financial operation. As, however, it is necessary to prevent a licensee from charging exorbitant rates in the beginning, provision has been made for empowering the State Governments to lay down the effective rates.	(*d*) a license under this Part—(*i*) may prescribe such terms as the limits within which, and the conditions under which, the supply of energy is to be compulsory or permissive, and as to the ****financial principles and* the rates to be charged in respect of the supply of energy and generally as to such matters as the State Government may think fit.* *Provided that the licensee shall not increase any of the rates prescribed in his license within three years from the date of commencement of supply except with the prior approval of the State Government.*	

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2		4	5	6	7	8
					Under Sixth Schedule to the Electricity (Supply, Act, 1948 a licensee is permitted to adjust his rates if necessary to earn reasonable return. As during the first few years the chances of earning reasonable profits are likely to be very limited, a licensee may raise his rates heavily under the provisions of the Sixth Schedule above. Besides the undesirability of such an eventuality, this would defeat the purposes of incoporating a schedule of rates in the licence. It is, therefore considered necessary to provide for an approval of any change in the rates specified in license by the State Government during the first 3 years of commencement of supply.		
	3(2)—*contd.*	(*ii*) save in cases in which under section 10, clause (*b*) the provisions of sections 5 and 7, or either of them, have been declared not to apply, every such license shall declare whether any generating station to be used in connection with the undertaking shall or shall not form part of the undertaking for the purpose of purchase under section 5 or section 7 ;	CEC	Delete Sub-section (2)(*d*)(*ii*).	The amendment is consequential to the provisions of Sections 34 to 37 of the Electricity (Supply) Act, 1948.	Deleted.	

		(*e*) the grant of a license under this part for any purpose shall not in any way hinder or restrict the grant of a a license to another person within the same area of supply for a like purpose;				(*e*) No change.
		(*f*) the provisions contained in the Schedule shall be deemed to be incorporated with, and to form part of, every license granted under this part, save in so far as they are expressly added to, varied or excepted by the license, and shall subject to any such additions, variations or exceptions which the Provincial Government is hereby empowered, to make, apply to the undertaking authorized by the license :				(*f*) No change.
		Provided that, where a license is granted in accordance with the provisions of clause IX of the Schedule for the supply for energy to other licensees for distribution by them in so far as such licensé relates to such supply, the provisions of clauses, IV, V, VI, VII, VIII and XII of the Schedule shall not be deemed to be incorporated with the license.				
15	4	**Revocation or amendment of licenses.—**	CEC	The heading to read as 'Revocation of Licenses.'	This section now deals with the Revocation of Licenses only, the provisions for amendment to licenses having been incorporated separately in new section 4A.	4 **Revocation** of licenses—**
		(1) The Provincial Government may, if in its opinion the public interest so requires, revoke a license in				(1) No ch ange.

Sl. No. 1	Section No. 2	Text of the section as it exists 3	Name of the proposer 4	Proposed Amendment 5	Reason for the proposed amendment 6	Text of the section as amended 7	Remarks of the Advisory Board 8
		any of the following cases, namely :— (*a*) where the licensee, in the opinion of the Provincial Government makes wilful and unreasonably prolonged default in doing anything required of him by or under this Act ; (*b*) where the licensee breaks any of the terms or conditions of his license the breach of which is expressly declared by such license to render it liable to revocation ; (*c*) where the licensee fails, within the period fixed in this behalf by his license or any longer period which the Provincial Government may substitute therefor by order under sub-section (3), clause (*b*), and before exercising any of the powers conferred on him thereby in relation to the execution of works— (*i*) to show, to the satisfaction of the Provincial Government that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his license.				(*a*) No change. (*b*) No change. (*c*) No change.	

		(*ii*) to make the deposit or furnish the security required by his license;				
16		(*d*) where the licensee is, in the opinion of the Provincial Government unable, by reason of his insolvency fully or efficiently to discharge the duties and obligations imposed on him by his license.	Deptt. of Labour-Cir. No. 803 dt. 22-8-38	In Sub-secton (1) (*d*) the words 'the licensee is' and the words 'by reason of his insolvency' shall be omitted and after the words 'in the opinion of the Provincial Government' the words 'financial position of the licensee is such that he is' shall be inserted.	The term insolvency has been interpreted in legal sense as adjudicated insolvency. It is therefore expedient for the State Government to delay the revocation until a court has adjudicated him to be insolvent. Such delay is detrimental to the interest of consumers and is intended to be avoided.	(*d*) Where, *** in the opinion of the State Government, *the financial position of the licensee is such that he is* unable,***** fully and efficiently to discharge the duties and obligations imposed on him by his license.
17	4(1)(*e*)New		CEC .	At the end of Sub-section (I) of Section 4 add the following new clause (*e*) after clause (*d*).	This provision is an addition to this section. It was contained by implication in existing section 8.	....
				(*e*) *Where the licensee has made an application to the State Government that he is not able to discharge the duties and obligations imposed on him by his license.*	It is considered desirable to have all provisions relating to revocation in one section	Same as under column No. 5
18	..		Deptt. of Labour Cir No. 803 dated 22-8-38 amended by CEC.	Insert the following proviso to Sub-secton (1)— *Provided that no license shall be revoked under clauses (a), (b), (c) or (d) of this Sub-section unless the State Government has first given to the licensee at least two months' notice of its intention to revoke the license and has considered any cause shown by the licensee against the proposed revocation.*	A notice to show cause is new. It is perhaps implied in existing section 5 and is clearly equitable. It might further serve as a warning to a licensee defaulting in the discharge of his duties.	Do.
19	4(2)	(2) Where the Provincial Government might, under sub-secton (1), revoke a license, it may, instead of revoking the license,	CEC	Delete the existing Sub-section (2).	Provision for Sub-section (2) of Section (4) has been made under sub-section (2) of new Section 4 (A) relating to amendment of a license.	Deleted.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		permit it to remain in force subject to such further terms and conditions as it thinks fit to impose, and any, further terms or conditions so imposed shall be binding upon, and be observed by, the licensee, and shall be of like force and effect as if they were contained in the licence.					
20	4(3)	Where in its opinion the public interest so permits, the Provincial Government may, on the application or with the consent of the licensee, and if the licensee is not a local authority, after consulting the local authority(if any) concerned— (*a*) revoke a licence as to the whole or any part of the area of supply upon such terms and conditions as it thinks fit, or ; (*b*) make such alterations or amendments in the terms and conditions of a licence, including the provisions specified in section 3, sub-section (2), clause (*f*) as it thinks fit.	CEC .	Substitute the following as sub-section (2) for existing sub-section (3). (2) Where in its opinion the public interest so permits or *requires* the* *State* Government may on* application or with the consent of the licensee,******** after consulting the *State Electriciry Board, Defence Department or* local Authority (if any) concerned revoke a licence as to the*** part of* *any* area of supply upon such terms and conditions as it thinks fit****.....****	The New sub-section (2) has been taken from existing sub-section (3) of Section 4 with suitable modifications. As suggested by the Electrical Inspectors Conference 1928 provision has been made for consulting the Defence Department Provision has also been made for consultation of the State Electricity Boards as well.	Same as under column No. 5	
21	NEW4A	....	CEC .	Add the following as new Section 4A : *Alteration or Amendment of Licences* :—	The existing section provides for revocation as well as amendment of licences. Revocation and amendment	Same as under column No. 5	

	Refer to 4(3) (*b*) serial No. 20	(1) Where in its opinion the public interest so* *requires*, the * *State* Government may make such alterations or amendments in the terms and conditions of a licence, including the provisions specified in Section 3, sub-section (2), Clause (*f*), as it thinks fit. *Provided that the consent of the licensee shall be obtained before making such amendments.*	are two distinctively different actions. Procedure for amendment when made at the request of a licensee is covered by rule 24 of I. E. Rules. It is considered desirable to provide separate sections. The proposed section 4A provides partly for the provisions of existing section 4 and the I. E. Rule 24 and deals with amendments to licences under different conditions.		
	Refer to 4(2) serial No. 19	(2) Where the* *State* Government might under sub-section (1) of *Section 4 revoke a licence*, it may, instead of revoking a licence, permit it to remain in force subject to such terms and conditions as it thinks fit to impose. *Any further terms* and conditions so imposed shall be binding upon and be observed by the licensee and shall be of like force and effect as if they were contained in the licence.		D	
	I.E. Rule 24(1)—If a licensee desires that any alterations or amendments should be made in the terms and conditions of his licence under clause (*b*) of sub-section (3) of section 4, he shall submit a written application to the officer designated by the Provincial Government under rule 11, and, within fourteen days from the submission of the	(3) (*a*) If a licensee desires that any alterations or amendments should be made in terms and conditions of his licence he shall submit a written application to the State Government and within 14 days from the submission of the application publish notice of his application by public advertisement. (*b*) When the State Government has approved of the	Sub-section (1) deals with amendment of licences at the initiative of a State Government whereas Sub-section (2) deals with imposition of further terms and conditions as an alternative to revocation. Sub-section (3) deals with amendments at the request of a licensee and lays down the procedure to be followed in such cases. The	(3) (*a*) If a licensee desires that any alterations or amendments should be made in terms and conditions of his licence ** he shall submit a written application to the ***** *State* Government*** and within 14 days from the submission of the application publish notice of his application by public, advertisement**	

Sl. No.	Section No.	Text of the section as it exists	Name of the Proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
21 *contd.*	NEW 4A *contd.*	application publish notice of his application by public advertisement; and the provisions of sub-rules (2), (3) and (4) of rule 15 shall apply to such publication. I.E. Rule 24(2)—When the Provincial Government has approved of the alteration or amendments either in the form proposed by the licensee or in any other modified form which he acccpts, it shall notify the alterations or amendments as so approved, in the official Gazette.	CEC	alterations or amendments in the form proposed by the licensee, or in any other acceptable to the licensee, the State Government shall notify the alterations or amendments as approved, in its official gazette. Provided that if the alterations or amendments are in the nature of a change in licensee's area of supply the State Government shall not make any alterations or amendments to the license, of a licensee, *(i) Until all objections received by the State Government with reference thereto have been considered by it :* *(ii) Until, in the case of an application involving alterations or amendments to an area including the whole or any part of any cantonment, fortress, arsenal, aerodrome, dockyard camp or of any building or place in the occupation of the Union Government for naval or military purposes, the State Government has ascertained that there is no objection to such alterations or amendments on the part of Defence Department.* *(iii) Without the consent of the State Electricity Board,*	provisions of the proposed Section 4A are similar to those existing in the 1910 Act and the Rules thereunder, except, as suggested by the Electrical Inspectors Conference 1928 provision has now been made for consulting the Defence Department and also the State Electricity Board in the manner provided for in Section 3, before effecting a change in the area of supply.	(*b*) When the **State* Government has approved of the alterations or amendments in the form proposed by the licensee, or in any other* *acceptable to the licensee, the State Government* shall notify the alterations or amendments as approved, in* its official gazette. *Provided that if the alterations or amendments are in the nature of a change in licensees area of supply the State Government shall not make any alterations or amendments to the license of licensee, same as under column No. 5*	Same as under column No. 5

				where such a Board has been constituted, unless the State Government consider that such consent has been unreasonably withheld.		
22	NEW 4B	....	Deptt. of Labour Cir. No. 803 dt. 22-8-38 amended by CEC.	Add the following new Section 4B. *Power for Government to secure interim management of an undertaking:—* "4B(1) *If in its opinion it is necessary in order to secure the continuance of the supply of energy to the public by an undertaking supplying energy under a licence, the State Government may—* (*a*) *by order in writing require the licensee, or any person controlling the supply or any establishment or things ancillary thereto, to take or abstain from taking any action specified in the order, or* (*b*) *after giving notice in writing to the licensee, or to any person controlling the supply or any establishment or thing ancillary thereto, or without such notice if such licensee or person has disobeyed or neglected to comply with an order made under clause* (*a*), *itself take over the working of the undertaking or ithe control of the supply or of any establishment or thing ancillary thereto, and make such order therewith as may, in the opinion of the State Government be necessary to secure the continuance of the supply of energy to the public by the undertaking.*	Where either no sufficient grounds for revocation exist or where it is considered undesirable to have recourse to such a drastic action, the State Government should have (as it is urged by several State Governments) power to secure interim management of an undertaking pending final revocation and also to secure continuity of supply for short periods when it is endangered. The new section is borrowed from the N.W.F.P. Control of Public Utility Service Act. The period of 6 months in sub-clause (2) should be sufficient to tide over the period for showing cause against revocation and subsequent procedure, when an undertaking is in so unsatisfactory a condition that the public interest requires an immediate remedy.	Same as under column No. 5

Serial No.	Section No.	Text of the Section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
22	NEW 4B —*contd.*		Deptt. of Labour Cir. No. 803, dt. 22-8-38.	(2) *An order made under clause (a) of sub-section (1) shall specify the period for which it shall remain in force, and no such order shall remain in force for more than six months from the making thereof, nor shall the power conferred by clause (b) of sub-section (1) be exercised for more than six months on any one occasion.*		Same as under column No. 5.	
				(3) *No order shall be made under clause (a) of sub-section (1) requiring any person to remain at work.*		Do.	
				(4) *Whenever in exercise of the power conferred by clause (b) of sub-section (1) the State Government takes over the working of an undertaking or the control of the supply or of any establishment or thing ancillary thereto, it shall carry on such working or control on behalf of the licensee and at his risk and expenses, receiving all payments due in connection with the undertaking or part controlled, as the case may be, and rendering to the licensee the balance, if any, of the net revenue derived therefrom. In the event of any loss occurring to the State Gov-*		Do.	

				ernment on account of the working of the undertaking, the same shall be debited to the undertaking. (5) *Whoever disobeys or neglects to comply with any requirement of an order made under clause (a) or impedes the exercise of any power conferred by clause (b) of sub-section (1) shall be punishable with imprisonment which may extend to six months or with fine or with both.* (6) *No order made or action taken under the provisions of sub-section (1) shall be called in question by any Court, and no suit, prosecution or other proceeding shall be instituted against the State Government or any person for anything done in good faith or purporting to be done under the said sub-section.*		Same as under column No. 5. Same as under column No. 5.
23	5	**Provisions where license of licensees not being a local authority, is revoked—**	CEC	The heading of this Secton to read as under— ' Provisions where *the* license of a licensee * * * * * is revoked.	This section combines the provisions of the existing sections 5 and 6. The procedure for the revocation of part of a licence has also now been incorporated in this Section.	Same as under column No. 5.
24		Where the Provincial Government revokes, under section 4, sub-secton (1), the licensee, not being a local authority, the following provisions shall have effect namely—: (*a*) the Provincial Government shall serve a notice of the revocation upon the licensee, and, where the whole of the area of supply is included in the	Deptt. of Labour Cir. No. 803, dt 22-8-38 as amended by CEC	(1) Where the**State* Government revokes***the license of a licensee *under section* (4) *** ....the following provisions shall have effect namely:— (*a*) The **State* Government shall serve a notice of the revocation upon the licensee***..and shall in the notice fix a date on which the revocation shall take	The existing procedure in section 5 has been found faulty in the following respects:— It entails unnecessary delay in cases where a local authority has jurisdiction. The date to be fixed in the notice under existing clause (*a*) must be more than 3 months ahead to give the local authority the	Same as under column No. 5.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
24—*contd.*	5(a)—*contd.*	area for which a single local authority is constituted, upon that local authority also, and shall in the notice fix a date on which the revocation shall take effect ; and on and with effect from that date all the powers and liabilities of the licensee under this Act shall absolutely cease and determine.	Deptt. of Labour Cir. No. 803 dt. 22-8-38 as amended by CEC	effect; and on and with effect from that date, if the undertaking of the licensee is sold to a purchaser in pursuance of clause (b) or is delivered to a designated purchaser in pursuance of Clause (c) all the powers and liabilities of the licensee under this Act *for the supply of energy* shall absolutely cease and determine. (*b*) *The State Govt. may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking, or a part there of as the case may be :* (*i*) *to the State Electricity Board, or when no such Board has been constituted. to the State Govt. itself.* (*ii*) *Where any other person, or local authority is willing to purchase the undertaking, to that person or local authority.* (*c*) *Where the State Govt. issues any notice under clause (b), it may by such notice require the licensee to deliver and thereupon the licensee shall deliver by a date specified in the notice the undertaking to the designated purchaser pending the determination and payment*	period prescribed in clause (*b*) within which to consider a purchase, even though the State Government may at the time of issuing notice have decided not to permit the local authothority to purchase. If the local authority does purchase the undertaking the State Government has under clause (*d*) to let ' such time as it may consider reasonable' intervene, during which private persons may negotiate for the purchase of the undertaking before it can itself purchase. It has been represented that continuity of supply is essential in public interest and that it is desirable to transfer an undertaking from a licensee who is under notice of revocation as early as possible. The rigid procedure of giving priorities or fixing of dates would make it impossible to satisfy these desiderata. Under the existing provisions it is not quite clear when revocation is to take effect. Clause (*a*) says from the date fixed	Same as under column No. 5 Same as under column No. 5	

			of the purchase price of the undertaking. *Provided that the purchaser shall pay to the licensee a sum not less than 25 % of the amount representing the difference between the amount properly incurred on and incidental to the establishment of the undertaking and depreciation thereon as shown in the books of the licensee on the date of vesting, or 25 % of the paid up share capital, whichever is less, at the time of vesting. Provided further that the payment of the balance of the purchase price together with the interest thereon at the rate of one percentum over the average of the Reserve Bank rate ruling between the dates of vesting and payment or tender of payment shall be made to the outgoing licensee within two years from the date of vesting, unless the purchaser and the licensee arrive at a mutual agreement to the contrary.*	in the notice (*i.e.*, more than 3 months, after the service of the notice) ; clause (*b*) however requires that the licensee 'thereupon shall sell' to a local authority electing to purchase, and that election must be made within 3 months of the service of the notice Clauses (*c*) and (*d*) also provide for sale immediately on election to purchase and clause (*e*) passes to the purchaser all the rights and liabilities of the licensee. Clause (*g*) contemplates the possibility of the sale (and presumably valuation, arbitration and payment) not being completed before the date of revocation fixed under clause (*a*) and thus suggests that the sale may be a lengthy affair. It is silent as to the possibility of revocation by sale. It is possible for a licensee to embarrass a prospective purchaser by refusing to deliver the undertaking until sale and valuation have been completed and difficulty has been experienced in this respect.	
5(*b*)	Where a notice has been served on a local authority under clause (*a*), the local authority may, within three months after the service of the notice, and with the written consent of the Provincial Government by notice in writing, require the licensee to sell, and thereupon the licensee shall sell the undertaking to the local authority on payment of the value of all lands, buildings, works, materials and plant of the licensee suitable to, and used by him for, the purposes of the undertaking, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be, in case of difference or dispute, determined by arbitration : Provided that the value of such lands, buildings, works, materials and plant shall be deemed to be fair their market value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof and to the circumstance that they are in such a position as to be ready for immediate	CEC	(*d*) *The purchase price of the undertaking or part thereof, as the case may be shall be such a sum as may be certified by an auditor or auditors appointed by the licensee and the purchaser by mutual agreement to have been the amount properly incurred on and incidental to the establishment of the undertaking or part thereof* viz., *all land buildings, works, materials and plant of the licensee*	Clause (*g*) which was added at the last moment in Select Committee fails, to serve its purpose. It appears to ignore the case of a State Government being itself the purchaser. It appears from the wording of Clauses (*c*) and (*d*) that the State Government	Same as under column No. 5.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
24—*contd.*	5(*b*)—*contd.*	working, and to the suitability of the same for the purposes of the undertaking, but without any addition in respect of compulsory purchase or of goodwill or of any profits which may be or might have been made from the undertaking, or of any similar considerations ;	Deptt. of Labour Cir. No. 803 dt. 22-8-38 as amended by CEC.	*suitable to and used by him for the purpose of the undertaking as the case may be, less depreciation in respect of the period prior to the date of vesting on the scale below —* (i) *for land owned under full title including the cost of clearing the site, nil* (ii) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the amount which would be produced by the end of the said portion of the prescribed period if during that portion an allowance were made annually on account of depreciation in accordance with provisions of paragaph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948.* *Provided that—* (i) *the purchase price shall not include any compensation in respect of goodwill* or any profits which may be or might have been made from the undertaking or of any similar consideration, (ii) *the auditor or auditors appointed under clause (d) shall be qualified under the provisions of section 144 of the Indian companies*	has no power to permit purchase by a private person in cases where the whole of the area of supply is not included in the area for which a single local authority is constituted. Existing section does not give the State Government powers to purchase an undertaking on revocation of local authority's licence. There appears to be no justification for this omission. As already proposed by the Deptt. of Labour in sectional note No. 3, this provision has now been made. The procedure for valuation set out in clause (b) is indefinite and has many variables in it. There is no provision for safeguarding the interest of an outgoing licensee for expeditious settlement of his claims, payment or interest thereon. The new section is designed to allow elasticity of procedure in the case of transfer of the undertaking and greater precision and simplicity of calculation in evaluating the assets of an outgoing licensee. The important features of the changes are : (1) After a notice of revoca-	Same as under column No. 5.	

			Act, 1913 (VII of 1913) to act as an auditor of the companies, (iii) *the auditors costs shall be shared equally by the purchaser and the outgoing licensee:* *Provided further that if the purchaser or the outgoing lincesee is dissatisfied with the sum so certified, the matter shall in default of agreement between them be determined by arbitration as provided for under Section 52 of this Act.*	tion has been served on a licensee, no notice to local authority is provided for. In fact the Government could order transfer of the undertaking before the date specified in the notice for revocation if decision has been taken with regard to the purchaser. (2) In pursuance of section 71 of the Electricity (Supply) Act 194[illegible] the right and option to purchase now only vests in the State Electricity Board, on this analogy provision has also been made for the Government to exercise this option, where the Board has not been formed. (3) The cost is now to be determined on the basis of the Fourth Schedule and not the appended to the Seventh Schedule to the Electricity (Supply) Act, 194[illegible]3, with a provision for consideration of the condition of the plant and its usefulness for the purpose of the undertaking. (4) A procedure for payment of the purchase price and interest thereon has been laid down to enable early settlement of the claims. The rate of interest to be paid to the outgoing licensee has been fixed on the basis of Section 37 of the Electricity (Supply) Act, 1948. (5) In the case of revocation of a license of a local authority, however, the procedure outlined in existing section 6(1) to empower the State Gov-	Same as under column No. 5.
	Refer to 6(1) Serial No. 25		(2) When the **State* Government revokes the licence in *whole or part thereof* of a local authority under Section 4,** *..* the*State* Govt. may** *..*issue notices under provisions of clauses (b) and (c) of sub-section (1) and fix terms and conditions of sale as the *State* Govt. thinks just. (3) *When a sale has been directed in pursuance of clause (b) of Sub-section(1) thereupon the completion of the sale, or upon the date on which the undertaking or part thereof as the case may be, is delivered to the designated purchaser in pursuance of clause (c) of sub-section (1).*		
5(c)	Where no purchase has been effected by the local authority under clause (*b*), and any other person is willing to purchase the undertaking, the Provincial Government				

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		may, if it thinks fit, with the consent of the licensee or without the consent of the licensee in case the price is not less than that for which the local authority might have purchased the same, require the licensee to sell, and thereupon the licensee shall sell, the undertaking to such other person ;		Deleted.	ernment to fix terms and conditions with regard to the price and sale has been maintained. This is considered necessary as the position of local authorities is very much different from that of other licensees, especially as local authority concerns are either run on subsidies or loans from the Government.		
	5(*d*)	Where no purchase has been effected under clause (*b*) or clause (*c*) within such time as the Provincial Government may consider reasonable, or where the whole of the area of supply is not included in the area for which a single local authority is constituted, the Provincial Government shall have the option of purchasing the undertaking and, if the Provincial Government elects to purchase, the licensee shall sell the undertaking to the Provincial Government upon terms and conditions similar to those set forth in clause (b) ;	Deptt. of Labour Cir. No. 803, dt. 22-8-38 as amended by CEC.	Deleted.			
	5(*e*)	Where a purchase has been effected under any of the preceding clauses:— (*i*) the undertaking shall vest in the purchasers free from		(*i*) *** .....** the undertaking *or part thereof as the case may be* shall vest in the purchaser *free from any debts, mortgages or similar		Same as under column No. 5.	

	any debts, mortgages or similar obligations of the licensee or attaching to the undertaking ; Provided that any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking ; and	obligations of the licensee, or attaching to the undertaking : Provided that any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking, *or part there of as the case may be;* and		
	(*ii*) the revocation of the license shall extend only to the revocation of the rights, powers, authorities, duties and obligations of the licensee from whom the undertaking is purchased, and , save as aforesaid, the license shall remain in full force, and the purchaser shall be deemed to be the licensee : Provided that where the Provincial Government elects to purchase under clause (*d*) the license shall, after purchase, in so far as the Provincial Government is concerned, cease to have any further operation ;	(*ii*) the******rights, powers, authorities, duties and obligations of the licensee *** ***for whole or part as the case may be under his license shall pass to the purchaser and he* shall be deemed to be the licensee *for whole or part of the undertaking as the case* may be. ****.....***	Same as under column No. 5.	
5(f)	Where no purchase has been effected under any of the foregoing clauses, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner he may think fit ; Provided that, if the licensee does not exercise such option within a period of six months from the date on which the same became exercisable, the Provincial Government may forthwith cause the works of the licen-	(4) ***.....** *if no order for sale is made under clause* (*b*) *of sub-section* (*1*) *before the date fixed in the notice under clause* (*a*) *of sub-section* (*1*) *as that on which the revocation shall take effect* the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit ; Provided that if the licensee does not exercise such option within a period of six months	Same as under column No. 5.	

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		see in, under, over, along or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from the licensee ;		from the date on which the same became exercisable the *State Government may forthwith cause the works of the licensee in under, over, along or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from *any sum deposited or secured by the licensee under the provisions of the schedule or directly from the* licensee.			
	5(*g*)	If the licensee has been required to sell the undertaking, and if the sale has not been completed by the date fixed in the notice issued under clause (*a*), the purchaser may, with the previous sanction of the Provincial Government, work the undertaking pending the completion of the sale.		Deleted.			
25	6	**Provisions where license of local authority is revoked.** (1) Where the Provincial Government revokes the license of a local authority under section 4, sub-section (1), and any person is willing to purchase the undertaking, the Provincial Govt. may, if it thinks fit, require the local authority to sell, and thereupon the local autho-	CEC	Replace the existing section 6 by the following :— 'Provisions where **undertaking* of local authority is **purchased*.—(1) Where**....**a sanctioned scheme provides for a purchase by the State Electricity Board of a local authority licensee's undertaking the* State Government may****require the local authority to sell, thereupon	Local authorities are in most areas run on the basis of loans or subsidies from the Government. They are practically agents of the Government and their objective is also similar to that of the Government, *i.e.*, the service to the community. But the local authority undertakings are limited in service to people within their	Same as under column No. 5.	

	rity shall sell, the undertaking to such person on such terms as the Provincial Government thinks just. (2) Where no purchase has been effected under subsection (1), the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit: Provided that, if the licensee does not exercise such option within a period of six months from the date of which the same became exercisable the provincial Government may forthwith cause the works of the licensee in, under, over, along, or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from the licensee.		the local authority shall sell the undertaking to** *the State Electricity Board, on* such terms *and conditions* as the * *State* Government thinks **fit.* (2) Where **a* purchase has been effected under Subsection (1) the ** ....* *licence of the local authority shall be deemed to have expired on the date of vesting, and the purchaser shall be deemed to be the licensee.*	own limited areas only. These undertakings mostly constitute thickly populated urban areas. Normally licensees are disinclined to develop rural areas as such developments are usually uneconomical. The policy of the Government is to extend this amenity to rural areas. It is therefore considered desirable to subsidise supply to rural areas from profits available from highly concentrated urban areas. In the case of private licensees the solution lies in the Government taking over the undertaking on the expiry of the license. But the case of a local authority is different as in their cases the licenses are perpetual. Under the provisions of Section 71 of the Electricity(Supply) Act 1948, the option to purchase an undertaking has been transferred from the local authorities and State Governments to the State Electricity Boards and the principle of entrusting the business of electric supply to State Electricity Boards has thus been accepted. It is however, for consideration whether the Boards should not interfere with the existing local authority undertakings unless these come within the scope of their development schemes and whether it is, expedient to make a separate provision for the purchase of local authority undertakings whenever necessary. As the local	Same as under column No. 5.	

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
					authority undertakings are generally financed from loans or subsidies from Governments, it is for consideration whether the State Government should be empowered to fix the terms and conditions of transfer of local authority undertakings. It is proposed in the proposed amendment to empower the State Government to fix the terms and conditions of transfer.		
26	7 .	**Purchase of undertaking.**— (1) Where a license has been granted to any person not being a local authority, and the whole of the area of supply is included in the area for which a single local authority is constituted, the local authority shall, on the expiration of such period, not exceeding fifty years, and of every such subsequent period not exceeding	CEC	Replace the existing Section 7 by the following :— ***provisions where undertaking of a licensee, not being a local authority, is purchased. (1) Where a license has been granted to any person,**..* *the State Electricity Board* shall, on the expiration of such period not exceeding **twenty* years, and of every such subsequent period not exceeding * *ten* years, as shall be specified in this behalf in the license, have the option of purchasing the undertaking, and, if the ** *State Electricity Board*, ******..... ***** elects to purchase, the licensee shall sell the undertaking to the ** *State Electricity Board* on payment of the value of all lands buildings, works, materials	Under Section 71 of the Electricity (Supply) Act 1948, the powers of the State Government and the local authorities for the purchase of undertakings on expiry of licenses have been transferred to the State Electricity Board. Amendment to this effect has therefore been incorporated in the revised draft. As formation of such Boards may take some time in some States, provisions for the State Government to exercise this option, in the absence of a Board, has been maintained. The section does not provide for any option , to the local authority. There has been considerable argument on the basis of cost to be paid on acquisition. The existing formula based on 'fair	Same as under column No. 5	
26	7(1) .	twenty years, as shall be specified in this behalf in the license, have the option of purchasing the undertaking and, if the local authority, with the previous sanction of the Provincial Government, elects to purchase, the licensee shall sell the undertaking to the local authority on payment of the value of all lands, buildings, works,	CEC				

materials and plant of the licensee suitable to, and used by him for, the purposes of the undertaking, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be, in case of difference or dispute determined by arbitration : Provided that the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market-value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking : Provided also that there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty per centum on that value as may be specified in the license, on account of compulsory purchase.	and plant of the licensee suitable to, and used by him for the purpose of the undertaking, other than a generating station declared by the licensee not to form part of the undertaking for the purpose of purchase** ....*********..... (2) *The purchase price of the undertaking shall be such a sum as may be certified by an auditor or auditors appointed by the State Government in this behalf, to have been the amount properly incurred on and incidental to the establishment of the undertaking less depreciation in respect of the period prior to the date of vesting on the scale below* : (*i*) *for land owned under full* title, *including the cost of clearing the site—nil* (*ii*) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the amount which would be produced by the end of the said portion of the prescribed period, if during that portion an allowance were made annually on account of depreciation in accordance with provisions of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948.* Provided that there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty per	market value' is indefinite as it depends on the varying market conditions and the views of individual appraisers etc. and hence controversial. It entails unending arguments and a very lengthy process of assessment which are definitely detrimental to the interest of consumers, the purchaser and the outgoing licensee. Although a licensee, under the present day conditions may contend that the cost should be based on the market value of individual items of plant and material. But the fact remains that it is the undertaking as a whole which is being sold, and the market value of the indivisible asset is not at issue. There is no difference of opinion on the necessity of substituting the existing provisions with one that would afford greater precision and simplicity of appraisal. The Standing Committee of Legislature (WMP) on 13-12-47 approved the principle that the fair market value should not be more than the book value less depreciation. This principle with provision for compensation as in the existing Act was subsequently incorporated in Section 37 and Fourth Schedule to the Electricity (Supply) Act, 1948. It may be	Same as under column No. 5	

Sl. No.	Section No.	Text of the section as it exist	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
				centum on that value as may be specified in the licence, on account of compulsory purchase. *Provided also that*: (*i*) *the auditor or auditors appointed under sub-section* (2) *shall be qualified under provisions of section* 144 *of the Indian Company's Act,* 1913 (*VII of* 1913) *to act as auditor of companies,* (*ii*) *the auditors costs shall be shared equally by the State Electricity Board and the licensee,* (*iii*) *if the State Electricity Board or the licensee is dissatisfied with the sum certified by the auditor or auditors, as the case may be, the matter shall, in default of agreement between them, be determined by arbitration as provided in Section* 52.	mentioned that the subject was recently thrashed out by the Madras Government in their Electricity Nationalisation Act. Comparative examination of the alternatives provided for therein will show that the above provision is most scientific and definite. As such, this has been adopted in the new draft for the purposes of valuation and compensation. The existing section does not clearly lay down the date from which the ownership vests in the purchaser. Neither does it specify whether the purchase of an undertaking should be independent of the date of payment of the purchase price. It has been long been felt that the interest of the parties warrant a definite and expeditious procedure in this respect and this want is now sought to be fulfilled by sub-section (5) of this section.		
	7(2)	Where— (*a*) the local authority does not elect to purchase under sub-section (1), or		** ** (3) *Where a State Electricity Board has not been constituted,* the *State Government shall have the like option *to purchase* *on** like terms and conditions.		Same as under column No. 5.	
		(*b*) the whole of the area of supply is not included in the area for which a single local authority is constituted, or	CEC		In the existing section the maximum period of a license was envisaged as 50 years and maximum period of subsequent renewals as 20		

	(*c*) a licensee supplied energy from the same generating station to two or more areas of supply, each controlled by its own local authority, and has been granted a license in respect of each area of supply, the Provincial Government shall have the like option upon the like terms and conditions.	Refer to the proposed section 7(3).	years. The trend of the policy of the Union Government being towards nationalisation of this industry, to be effected slowly by taking over the licenses as they expire, these periods have been sought to be reduced to 20 years in the matter of grant of licenses and 10 years for subsequent renewals by the Advisory Committee set up by the Centrla Electricity Board for amendments to the I.E. Rules. Accordingly these proposals have been incorported in the revised draft.
7(3)	Where a purchase has been effected under sub-section (1) or sub-section (2),—		Sub-section (4) of the existing Act provides two years notice in advance for election to purchase to the licensee, sanction of the State Government being essential before issue of such notice. As per Labour Deptt. Cir. No. 803, dated 22-9-38 it was proposed that a definite period of notice to State Govt. of local authority's intention and election to purchase should be provided for. Section 71 of the Electricity (Supply) Act, 1948 is not clear as to whether it is incumbent on the S.E. Board to take such sanction of the State Government before electing to purchase. As all the powers in regard to the grant, revocation etc., are vested in State Government, it is necessary that the State Electricity Boards should serve a notice of
	(*a*) the undertaking shall vest in the purchasers free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking : Provided that any such debts, mortgages or similar obligations shall attach to the purchase-money in substitution for the undertaking; and	Refer to the proposed section 7(6).	
	(*b*) save as aforesaid, the licence shall remain in full force, and the purchaser shall be deemed to be the licensee : Provided that where the Provincial Government elects to purchase under sub-section (2), the license shall, after purchase, in so far as the		

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		Provincial Government is concerned, cease to have any further operation.			their election to purchase. As the licensees are to be given two years' notice of election to purchase, provision has been made for S.E. Boards to intimate their decision to the Government at least twenty-seven months before the expiry of the period of the licence.		
	7(4)	Not less than two years' notice in writing of any election to purchase under this section shall be served upon the licensee by the local authority or the Provincial Government, as the case may be.		(4) *Where the State Electricity Board or the State Government has elected to purchase the undertaking under this Section, they shall serve upon the licensee a notice in writing of not less than two years of their having elected to purchase. Provided that where the State Electricity Board has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under Sub-section (1) at least twenty-seven months before the expiry of any of the periods referred to in Sub-section (1).*		Same as under column No. 5.	
				(5) *Where the State Government or the State Electricity Board, having elected to purchase, issues a notice under Sub-section (4), the licensee shall deliver the undertakings on the day of the expiry of any of the periods referred to Sub-section(1) to the designated purchaser pending determination and payment of the purchsae price of the undertaking.* *Provided that the purchaser shall pay to the licensee a*		Same as under column No. 5.	

			sum not less than 25% of the amount properly incurred on and incidental to the establish ment of the undertaking less depreciation thereon as shown in the books of the licensee on the date of vesting or 25% of the paid-up share capital, whichever is less, at the time of vesting. *Provided also that the payment on the balance of the purchase price together with interest thereon at the rate of one per-centum over the average of the Reserve Bank rate ruling between the dates of vesting and payment, or tender of pay ment, shall be made to the out-going licensee within two years from the date of vesting unless the purchaser and the outgoing licensee arrive at a mutual agreement to the con-trary.*		
	Refer to 7(3) (*a*) . . .		(6) Where a purchase has been effected under Sub-section (1) or sub-section (3)— (*a*) The undertaking shall vest in the purchasers free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking. Provided that any such debts, mortgages, or similar obligations shall attach to the pur-chase money, in substitution for the undertaking ; and		Same as under column No. 5.	
	Refer to 7(3) (*b*) . . .		(*b*) save as aforesaid the license shall remain in force, and the purchaser shall be deemed to be the licensee.			

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
				Provided that **when* the **State* Government elects to purchase under sub-section *(3) the license shall after purchase in so far as the **State* Government is concerned, cease to have any further operation.			
	7(5) .	Notwithstanding anything herein before contained, a local authority may, with the previous sanction of the Provincial Government waive its option to purchase and enter into an agreement with the licensee for the working by him of the undertaking until the expiration of the next subsequent period referred to in sub-sec. (1), upon such terms and conditions as may be stated in such agreement.		Deleted.			
27	8 . .	**Provisions where no purchase and license revoked with consent of licensee.** Where on the expiration of any of the periods referred to in section 7, sub-section (1), neither a local authority nor the Provincial Government purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall	Deptt. of Labour Cir No. 803 dt. 22-8-38	In the proviso to Section 8, after the word and figure "Section 5" the word, brackets and figure "Sub-section (4)" shall be inserted, and the words "clause (*f*)" shall be deleted.	This is consequential to amendment of Section 5.	8. **Provisions where no purchase and license revoked with consent of licensee.** Where, on the expiration of any of the periods referred to in section 7, sub-section (1), neither a local authority nor the **State* Government purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall	

		have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit. Provided that, if the licensee does not exercise such option within a period of six months, the Provincial Government may proceed to take action as provided in section 5, clause (*f*), proviso.				have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit. Provided that, if the licensee does not exercise such option within a period of six months, the *State* Government may proceed to take action as provided in Section 5 *Sub-section 4** proviso :
28	12	. **Provisions as to the opening and breaking up of streets, railways and tramways.—** (1) Any licensee may from time to time but subject always to the terms and conditions of his license, within the area of supply, or, when permitted by the terms of his license to lay down or place electric supply-lines without the area of supply, without that area— (*a*) open and break up soil and payment of any street, railway or tramway ; (*b*) open and break up any sewer, drain or tunnel in or under any street, railway or tramway ; (*c*) lay down and place electric supply lines and other works; (*d*) repair, alter or remove the same ; and (*e*) do all other acts necessary for the due supply of energy.	CEC	. To the sub-section (1) add the following Proviso ; *Provided that—* (*i*) *the licensee shall not exercise the powers conferred by this*	In their meeting held in December 1947 the Central Board of Irrigation passed a resolution requesting Government to appoint a Committee to safeguard the owners of transmission lines against demand for re-alignment subsequent to erection, as provisions in this respect in the I.E. Act 1910 or the Indian Telegraph Act of 1885 were neither clear nor adequate to cover all cases *e.g.*, where the line has been laid without prior approval and/or payment of compensation to the owner or owners of the land, where the line has been laid under an agreement for a specified period and where the owner wants the line to be altered after the expiry of an agreement etc. Under advice of the Ministry of W.M.& P. this Commission collected data regarding practices in this respect in the U.K., U.S.A., Canada, New Zealand and Switzerland and the experience of the various provinces in India on the	12. **Provisions as to the opening and breaking up of streets, railways and tramways.—** (1) Any licensee may, from time to time but subject always to terms and conditions of his license, within the area of supply, or, when permitted by the terms of his license to lay down or place electric supply-lines without the area of supply, without that area ; (*a*) open and break up the soil and pavement of any street, railway or tramway ; (*b*) open and break up of any sewer, drain or tunnel in or under any street, railway or tramway; (*c*) lay down and place electric supply lines and other works ; (*d*) repair, alter or remove the same ; and (*e*) do all other acts necessary for the due supply of energy. Same as under column No. 5.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
				Section except for the purpose of establishment and maintenance of supply of electric energy,	working of Section 12 of the Act.		
				(ii) the licensee shall not acquire any right other than that of user only in the property under, over, along, across, in or upon which the licensee places any electric lines or works. *(iii) the licensee shall have due regard to the effect, if any, of the establishment of the elcctric lines or works in the manner proposed, on the value of the land or any other considerations that may be necessary, before establishing the electric lines and works.*	The way-leaves for electric supply lines are governed by the provisions in Sections 12 and 51 of the I.E. Act. Section 51 provides for grant of powers of a Telegraph Authority to licensee by special order of the State Government. The Provisions of Section 12 are considered inadequate and indefinite in certain respects, and appear to be inconsistent with those of the Indian Telegraph Act.	Same as under column No. 5.	
				(iv) the licensee shall cause as little damage as possible in the exercise of his powers and, shall pay full compensation whether lumpsum, or annual rent, or both to all persons interested for any damage sustained by them. If any dispute arises as to the sufficiency of compensation to be paid, or as to the persons entitled to receive such compensation or to the proportion in which ...sons interested are and ...hare in it, the Dis...e, or in a Pre...he Commis...lication	For example, under Section 12 of the I. E. Act, it is incumbent on licensee to secure the consent of an owner or occupier of land on which the lines are to be placed but under Section 10 of the I.T. Act it is not necessary for the licensee to obtain the permission of the owner when placing lines. A revision of the Section 12 to make it independent of the application of the provisions of the I. T. Act and definite in matter of the rights of the licensee and the	Same as under column No. 5.	

			of either of the parties to the dispute, shall fix the amount of compensation or of annual rent or of both and shall determine the persons entitled to receive such compensation and the proportion in which the persons interested are entitled to a share in it,	land-owner is considered necessary. From a study of the data above mentioned, it appears that there is a considerable variation in the practises followed in other countries, and that none of these could individually meet the requirements of the conditions prevailing in India. The new draft provides that :	
	Refer to 2nd proviso to 12(2)		(*v*) ***if at any time the owners or occupiers of any building or land on which any ***** *electric supply line or works have been* laid by the licensee* shows sufficient cause, the District Magistrate, or in a Presidency town the Commissioner of Police may by order in writing direct* such *****electric supply line to be* removed or altered,	1. Unless an area is covered by buildings or is used as a pleasure ground or garden a licensee could place his lines without serving a notice of his intention to do so on the landowner, or without settling the question of compensation. This provision already exists in the Indian Telegraph Act, and has been considered preferable to the other alternative which is considered detrimental to the expeditious prosecution of works, and one leading to unending arguments. Provision has been made that a licensee will give full compensation for the damage caused by him and if the land owner feels himself to be a victim of indiscreet action in any respect he could approach the District Magistrate or the Commissioner of Police, as the case may be, for redress. It is not considered advisable to provide any schedule for compensation for adoption throughout the country due to varying conditions prevailing in different areas. This Commission is also not in	(1) Same as under column No. 5.
			(*vi*) *When any local authority considers it expedient or necessary that the position of an electric line or works laid in or upon any property vested in or under the control or management of a local authority, should be altered or removed, the local authority may require the licensee to alter or remove these, and in the event of a dispute arising between a local authority and a licensee it shall be determined by such officer as the State Govt. may appoint either generally or specially in this behalf.*		
			(*vii*) *Nothing in this sub-section shall affect the right of a person to recover by civil suit the whole or any part of any compensation paid by a licensee from the person who has*		

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
				received it .	favour of the practice of providing for yearly rentals for way-leaves. The question has therefore been left undefined to be worked by the licensees or the District authorities to suit the local conditions, and any special circumstances that may exist in certain cases. In the case of way-leaves over land used as pleasure ground or pleasure garden or covered with buildings, previous consent of the land owner has been provided for. But in the event of a dispute over the settlement of terms and conditions in such a case the District Authorities could be invoked to decide the terms and conditions. If the District Authority feels that a line could be taken under-ground without detriment to the reasonable interests of the land owner, he could direct the line to be so laid. The difficulty pointed out by the C.B.I. has been overcome in the new draft by the provision under sub-section (3). This Commission feels that unless the way-leaves are granted permanently the result will be unending troubles. To safeguard the interests of the land owner		
29	12(2)	Nothing contained in sub-section (1) shall be deemed to authorise or empower a licensee, without the consent of the local authority or of the owner and occupier concerned, as the case may be, to lay down or place any electric supply line, or other work in, through or against any building, or on over or under any land not dedicated to public use whereon, wherever or whereunder any electric supply-line or work has not already been lawfully laid down or placed by such licensee: Provided that any support of any aerial line or any stay or strut required for the sole purpose of securing in position any support of an aerial line may be fixed on any building or land or, having been so fixed, may be altered, notwithstanding the objection of the owner or occupier of such building or land, if the Distric Magistrate, or in a Presidency town the Commissioner of Police by order in writing so directs : Provided, also, that, if at any time the owner or occupier of any building or land	CEC	Substitute the following for sub-sec. (2) :— (2) *No licensee shall place any overhead electric line or works, on, over, across any land covered by buildings or used as a pleasure ground or as a pleasure garden or undermined by subteranean excavation, whereon or wherever any electric supply lines or works have not already been lawfully laid down or placed by such licensee, without the consent of the local authority or of the owner and occupier concerned as the case may be:* *Provided that if any dispute arises in regard to the arrangement or terms and conditions connected with such consent, the District Magistrate or in a Presidency town the Commissioner of Police, as the case may be, shall on application of either of any of the parties to the dispute order the arrangement or the terms and conditions of such consent as he deems fit.* *Provided further that in the event of a dispute arising between a local authority and a licensee it shall be determined by such officer as the State Government may appoint either generally or specially*	(2) Same as under column No 5.	

		on which any such support, stay for strut has been fixed shows sufficient cause, the District Magistrate or, in a Presidency town, the Commissioner of Police, may by order in writing direct any such support, stay or strut to be removed or altered.		*in this behalf.*	specific provisions with regard to his rights have been made. Provisions of sub-section (4) enable him to seek realignment of lines or works in the event of their interfering with the erection of a building, mine, well or water course. In this country matters relating to land are settled by District Magistrates and Commissioners of Police in the case of the Presidency towns. It has been considered desirable to avail of their experience and judicial and executive powers vested in them with regard to the settlement of disputes or claims connected with land.	
30	12(3) ..	When making an order under sub-section (2), the District Magistrate or the Commissioner of Police, as the case may be, shall fix the amount of compensation or of annual rent, or of both, which should in his opinion be paid by the licensee to the owner or occupier.	CEC ..	Delete the existing sub-section (3).		Deleted.
31	12(4) ..	Every order made by a District Magistrate or a Commissioner of Police under subsecion (2) shall be subject to revision by the Provincial Government.	CEC ..	Rename the existing sub-sections (4) and (5) as sub-sections (5) and (6) respectively, and add the following new sub-sections (3) and (4):	The case of local authority being different, it has been left to the State Government to appoint a suitable authority for this purpose on the analogy of the provisions of the I.T. Act. A provision for an appeal against the orders of the District Magistrate or the Commissioner of Police in a Presidency town to the State Governmenthas been maintained.	
	12(5) ..	Nothing contained in sub-section(1) shall be deemed to authorise or empower any licensee to open or break up any street not repairable by the Central Government or the Provincial Government or a local authority or any railway or tramways (if any), or such parts thereof, as he is specially authorised to break up by his license, without the written consent of the person by whom the street is repairable or of the person for the time being entitled to work the railway or tramway, unless with the written consent of the Provincial Government : Provided that the Provincial Government shall not give		(3) *Where any licensee has under any terminable agreement or arrangement, placed above or below ground, any electric line or other works would which have been so placed under the provisions of the Indian Electricity Act* 1910, *or the Indian Telegraph Act,* 1885, *the licensee may, notwithstanding the termination of such agreement, or arrangement, retain the line or other works, as the case may be, in position on the same terms and subject to the same conditions as were previously applicable thereto. Provided that where the party or parties to the original agreement or arrangement or the occupier of the land, as*		(3) Same as under column No. 5

Sl. No.	ection No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		any such consent as aforesaid, until the licensee has given notice by advertisement or otherwise as the Provincial Government may direct and within such period as the Provincial Government may fix in this behalf, to the person a bove referred to and, until all representations or objections received in accordance with the notice have been considered by the Provincial Government.		*the case may be, object to the terms of the agreement or arrangement existing or previously existing, the party or parties to the original agreement or the occupier of the land, as the case may be, may, if no settlement satisfactory to the above party or parties or to the occupier can be made with the licensee, refer the matter, to the District Magistrate or, in a Presidency town, the Commissioner of Police, as the case may be, may order that the arrangement or agreement existing or previously existing may be altered or amended.* (4) *Where any licensee has under any agreement or arrangement, placed above or below ground any electric line or other works which would have been so placed, under the provisions of the Indian Electricity Act,* 1910, *or the Indian Telegraph Act,* 1885, *and the party or parties to such agreement or arrangement or their successors or the occupier of the land, as the case may be, object to the presence of the line or to the presence of any of the poles or other works associated therewith, on the grounds that such line or other works, as*		(4) Same as under column No.5	

31—*contd.*	12—*contd.*			*the case may be, would seriously interfere with the construction of a proposed buildings, mine, well or water course, the objecting party or parties may, if no satisfactory settlement can be made with the licensee, refer the objection to the District Magistrate or in a Presidency town the Commissioner of Police and the District Magistrate or the Commissioner of of Police as the case may be, may, if he considers the objection reasonable, order that the line or any of the other works, as the case may be, be removed or altered, when making an order the District Magistrate or the Commissioner of Police may also order the objecting party or parties to re-imburse the licensee in respect of all or such part of costs and charges incurred in effecting any alteration, deviation or removal of the line or lines or other works that may be associated the rewith as he considers fit.* *Provided that on being advised as to any such order of the District Magistrate or the Commissioner of Police as the case may be, the objecting party or parties may nevertheless elect to retain the line in its existing position upon the original terms or, where application has been made for a revision of the original terms, upon such revised terms and conditions as the District Magistrate or the Commissiner of Police by order in writing so directs.*	(5) *Same as existing* 12 (4). (6) *Same as existing* 12 (5).	

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
32 33—	13	**Notice of New works :—** (1)(*f*) Where the works to be executed consist of the laying of any underground service line immediately attached or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be, not less than forty-eight hours' notice in writing of his intention to execute such works.	Electrical Inspectors Conference 1928. Indian Railway Conference as per their letter No. E-12/30 dated 16-10-41	In clause (*f*) of sub-section (1): (*i*) the words 'four days' should be substituted for the words 'forty eight hours'. (*ii*) Add the following in the end :—"Notwithstanding the provisions of this sub-clause, the licensee, shall, in the execution of all works, in, under, over, along or across a railway be bound by the provisions of sub-clauses (*a*) to (*e*)".	This appears necessary, in the interests of safety, to give sufficient time to Railway Authorities to take requisite precautions.	**Notice of New work :—** 1 (*f*) Where the works to be executed consist of the laying of any under-ground service-line immediately attached or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be, not less than *four days* notice in writing of his intention to execute such works ; *Notwithstanding the provisions of this sub-clause, the licensee shall, in the execution of all works, in, under, over, along, or across a railway be bound by the provisions of sub-clauses (a) to (e).*	
34	14A NEW	....	CEC	Add a new section 14A as under: *Compensation to Licensee arising out of Development Works :—* "14 *A—Where any person undertakes any development works which render useless, inaccessible or not readily accessible any works of a licensee in, on, under or over any public place, where such works have been lawfully placed by licensee, such person shall compensate the licensee for the cost of moving, altering, replacing or extending his works*	It appears that development boards in certain cases refused to pay the licensee cost of works arising out of the activities of the Boards. Whereas the Boards compensate other persons affected by their activities, it is unequitable to expect a licensee to bear the charges arising out of the activities of the Boards. It has been considered necessary to make a separate provision for such cases, as in such a case a licensee may have to undertake the wroks	Same as under column No. 5	

				in a manner reasonably necessary." *Provided that the licensee shall not be entitled to any compensation on account of cost of betterment or loss of revenue arising out of such alteration or replacement of works.* *Provided further that in the event of any difference or dispute as to the payment of the amount of compensation or any other matter, it shall be determined by arbitration.*	even without being asked to do so.	
35	20 (2)	**Power for Licensees to enter premises and to remove fittings or other apparatus of Licensee :—** A licensee or any person authorised as aforesaid may also, in pursuance of a special order in this behalf made by the District Magistrate or in a Presidency-town by the Commissioner of Police, and after giving not less than twenty four hours' notice in writing to the occupier, enter any premises to which energy is or has been supplied or is to be supplied, by him for the purpose of examining and testing the electric wires, fittings, works and apparatus for the use of energy belonging to the consumer.	Electrical Inspectors Conference 1928 as amended by CEC	Substitute the following for sub-section (2) :— (2) "A licensee or any person authorised as aforesaid may ***....****at any reasonable time, and on informing the occupier of his intention,* enter any premises to which energy is or has been supplied, or is to be supplied by him for the purposes of examining and testing the electric wires, fittings, works and apparatus for the use of energey belogning to the consumer". *Provided that where a consumer refuses to allow a licensee or any other person authorised by him to enter his premises the District Magistrate or in a Presidency town the Commissioner of Police on application of the licensee may, by order, direct the consumer to permit the licensee or any other person authorised by him for the purpose aforesaid.*	The existing provisions enable a licensee to enter a consumers premises for checking up his installation only after he has secured a special order to that effect from the district authorities and given 24 hours' notice to the consumer of his intention to do so. These provisions have very often caused difficulties to the licensees in bringing to book the consumers indulging in illegal use of energy. It is considered desirable to give licensee the power to enter premises at reasonable time with the consent of the consumer ; where this consent is withheld, provision has been made for a licensee to obtain a special order from the District authorities to effect the entry.	Same as under column No. 5.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisor of Board.
1	2	3	4	5	6	7	
36 37	21	**Restrictions on licensees controlling or interfering with use of energy** :- (1) A licensee shall not be entitled to prescribe any special form of appliance for utilising energy supplied by him or save as provided by section 23, sub-section (2) or by section 26, sub-section (7) in any way to control or interfere with the use of such energy. Provided that no person may adopt any form of appliance or use the energy supplied to him so as unduly or improperly to interfere with the supply by the licensee of energy to any other person.	Former Govt. of Sindh as amended by CEC Electrical Inspectors Conference 1928 as amended by CEC.	Sub-sections (1) and (4) to be made into independent section and to be known as sub-section (1) and (2) of Section 21. Incorporate sub-sections (2) and (3) as sub-sections (1) and (2) in a separate section to be known as 21A : 21A—Power for licensee to make conditions for regulating his relations with consumers, with the following modification in sub-section (2) (*i*) delete the words subject to the provisions of sub-section (1) (*ii*) in the first line for the words 'a licensee may' substitute the words 'every licensee shall'.	The two subjects are entirely different from each other. The modifications suggested in sub-section (2) are consequential to the new section 21A and it is considered necessary for a licensee to make conditions for regulating his relations with consumers.	21. **Restrictions on licensee's controlling or interfering with use of energy :—** (1) A licensee shall not be entitled to prescribe any special form of appliance for utilising energy supplied by him, or save as provided by Section 23, sub-section (2), or by section 26, sub-section (7) in any way to control of interfere with the use or such energy : Provided that no person may adopt any form of appliance, or use the energy supplied to him so as unduly or improperly to interfere with the supply by the licensee of energy to any other person.	
		(2) Subject to the provisions of sub-section (1) a licensee may, with the previous sanction of the Provincial Govt. given after consulting the local authority where the licensee is not the local authority, make conditions not inconsistent with this Act or with his license or with any rules made under this Act to regulate his relations with persons who are or intend to become consumers, and may with the like sanction given after the like consultation add to or	CEC.	(*iii*) between the words 'Act' and 'or' add the words 'or any other enactment in force'. And in the existing Sub-section (3), substitute the figure 2 occurring in the 3rd line by the figure 1.		(2) Where any difference or dispute arises as to whether a licensee has prescribed any appliance or controlled or interfered with the use of energy in contravention of sub-section (1), the matter shall be either referred to an Electrical Inspector and decided by him or, if the licensee or consumer so desires, determined by arbitration. 21-*A. Power for licensee to make conditions for regulating his relations with consumers* : (1)**....**Every licensee	

		alter or amend any such conditions ; and any conditions made by a licensee without such sanction shall be null and void ; Provided that any such conditions made before the 23rd day of January 1922 shall, if sanctioned, by the Provincial Government on application made by the licensee before such date as the Provincial Govt. may, by general or special order, fix in this behalf, be deemed to have been made in accordance with the provisions of this sub-section. (3) The Provincial Government may, after the like consultation, cancel any condition or part of a condition previously sanctioned under sub-section (2) after giving to the licensee not less than one month's notice in writing of its intention so to do.			*shall* with the previous sanction of the **State* Government given after consulting the local authority where the licensee is not the local authority, make conditions not inconsistent with this Act *or any other enactment in force* or with his license or with any rules made under this Act, to regulate his relations with persons who are or intend to become consumers and may with the like sanction given after the like consultation add to or alter or amend any such conditions; and any condions made by a licensee without such sanction shall be null and void : Provided that any such conditions made before the 23rd day of January 1922 shall, if sanctioned by the * *State* Government on application made by the licensee before such date as the * *State* Government may, by general or special order, fix in this behalf, be deemed to have been made in accordance with the provisions of this sub-section.	
36 & 37— *contd.*	21(4)— *contd.*	(4) Where any difference or dispute arises as to whether a licensee has prescribed any appliance or controlled or interfered with the use of energy in contravention of sub-section (1), the matter shall be either referred to an Electric Inspector and decided by him or, if the licensee or consumer so desires, determined by arbitration.			(2) The* *State* Government may after the like consultation, cancel any condition or part of a condition previously sanctioned under sub-section (1) after giving the licensee not less than one month's notice in writing of its intention so to do.	

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
	2	3	4	5	6	7	8
38	22	**Obligation on licensee to Supply energy—** Where energy is supplied by a licensee, every person within the area of supply shall, except in so far as is otherwise provided by the terms and conditions of the license, be entitled, on application, to a supply on the same terms as those on which any other person in the same area is entitled in similar circumstances to a corresponding supply. Provided that no person shall be entitled to demand or to continue to receive from a licensee a supply of energy for any premises having a separate supply unless he has agreed with the licensee to pay to him such minimum annual sum as will give him a reasonable return on the capital expenditure, and will cover other standing charges incurred by him in order to meet the possible maximum demand for those premises, the sum payable to be determined in case of difference or dispute by arbitration.	CEC	In proviso to this section, (*i*) for the words 'give him a reasonable return' occurring in the 4th line, substitute the words' in the aggregate give him a return not exceeding 15 per cent. per annum, (*ii*) delete the words 'will cover' occurring in the 5th line.	The Electrical Inspectors' Conference 1928 has expressed the need for the determination of the reasonable return.	**Obligation on licensee to supply energy —** Where energy is supplied by a licensee, every person within the area of supply shall, except in so far as is otherwise provided by the terms and conditions of the license, be entitled, on application, to a supply on the same terms as those on which any other person in the same area is entitled in similar circumstances to a corresponding supply. Provided that no person shall be entitled to demand, or to continue to receive, from a licensee a supply of energy for any premises having a separate supply unless he has agreed with the licensee to pay to him such minimum annual sum as will ****.. *** *in the aggregate* give him a **return not exceeding* 15 *per cent per annum* on the capital expenditure and ** other standing charges incurred by him in order to meet the possible maximum demand for those premises, the sum payable to be determined in case of difference or dispute by arbitration.	
39	23(1)	**Charges for energy to be made without undue preference :—**	CEC file No. X. 8102 Part I	From Sub-Section (1), the words 'not exceeding the limits imposed by his li-	In view of the provisions under section 57 and 58 of the Electricity (supply) Act,	**Charges for energy to be made without undue preference—**	

		A licensee shall not, in making any agreement for the supply of energy, show undue preference to any person, but may, save as aforesaid, make such charges for the supply of energy as may be agreed upon, not exceeding the limits imposed by his license.		cense' shall be dleted.	1948 and the Sixth Schedule thereto.	A licensee shall not, in making any agreement for the supply of energy, show undue preference to any person, but may, save as aforesaid, make such charges for the supply of energy as may be agreed upon**
40	25	**Exemption of electric supply lines or other apparatus from attachment in certain cases** :— Where any electric supply-lines, meters, fittings, works or apparatus belonging to a licensee are placed in or upon any premises, not being in the possession of the licensee, for the purpose of supplying energy such electric supply-lines, meters, fittings, works and apparatus shall not be liable to be taken in execution under any process of any Civil Court or in any proceedings, in insolvency against the person in whose possession the same may be.	Electrical Inspectors Conference, 1928	The words ' or utilizing' should be inserted between the words 'supplying' and 'energy'.	To give licensees a lien on internal wiring and fitting put into premises when a charge per lamp per month is made for energy as well as the rental on service and internal wiring and fitting supplied on hire purchase system.	**Exemption of electric supply lines or other apparatus from attachment in certain cases** :— Where any electric supply-lines, meters, fittings, works or apparatus belonging to a licensee are placed in or upon any premises not being in the possession of the licensee, for the purpose of supplying *or utilising* energy such electric supply lines, meters, fittings, works and apparatus shall not be liable to be taken in execution under any process of any Civil Court or in any proceedings, in insolvency against the person in whose possession the same may be.
41	26 (4)	**Meters—** The licensee or any person duly authorised by the licensee shall, at any reasonable time and on informing the consumer of his intention, have access to, and be at liberty to inspect and test and for that purpose, if he thinks fit take off and remove, any meter referred to in sub-section (1) ; and,	Electrical Inspectors Conferrence, 1928	In Sub-section (4) ; (*i*) Substitute for the words 'on informing the consumer of his intention' the words 'after giving the consumer 24 hours notice'. (*ii*) For the words 'take off and remove' substitute the words 'take away from the premises', wherever they occur.	The first suggestion is made to enable the consumer to make alternative arrangements if necessary, and the second one is found desirable because it is considered that the existing provision is not clear in regard to the power of a licensee to take away the meter for inspection and testing.	**Meters—** 26(4) The licensee or any person duly authorised by the licensee shall, at any reasonable time and** . . . . ** *after giving the consumer* 24 *hours' notice* have access to be at liberty to inspect and test and for that purpose, if he thinks fit,** . . . . ** *take away from the premises* any meter referred

Sl. No.	Section No.	Txet of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
	2	3	4	5	6	7	8
41—*contd.*	26(4)—*contd.*	except where the meter is so hired as aforesaid, all reasonable expenses of, and incidental to, such inspecting, testing, taking off and removing shall, if the meter is found to be otherwise than correct, be recovered from the consumer and where any difference or dispute arises as to the amount of such reasonable expenses, the matter shall be referred to an Electric inspector, and the decision of such Inspector shall be final : Provided that the licensee shall not be at liberty to take off or remove any such meter if any difference or dispute of the nature described in sub-section (6) has arisen until the matter has been determined as therein provided.				to in sub-section (1); and except where the meter is so hired as aforesaid, all reasonable expenses of, and incidental to, such inspecting, testing, taking * * * *away from the premises* shall, if the meter is found to be otherwise than correct, be recovered from the consumer and where any difference or dispute arises as to the amount of such reasonable expenses, the matter shall be referred to an Electrical Inspector, and the decision of such Inspector shall be final: Provided that the licensee shall not be at liberty to take *** *away from the premises* any such meter if any difference or dispute of the nature described in sub-section (6) has arisen until the matter has been determined as therein provided.	
	26 (5)	A consumer shall not connect any meter referred to in sub-section (1) with any electric supply line through which energy is supplied by a licensee or disconnect the same from any such electric supply line, without giving to the licensee not less than forty-eight hours notice in writing of his intention.	Electrical Inspectors Conference, 1928 as amended by CEC.	From sub-section (5) delete the words 'without giving to the licensee not less than 48 hours notice in writing of his intention' and add a proviso: Provided that a licensee shall connect or disconnect a consumer if required to do so within 48 hours of the service of a notice to that effect on him by a consumer.	Under Sub-section (5) a consumer is permitted to connect or disconnect supply to his premises after the expiry of 48 hours' notice to the licensee to do so. This cannot be done without breaking licensees' seals which is an offence under rules 31 and 122 of the I. E. Rules 1937. There has been a conviction in this respect in Bombay in spite of the pro-	26(5) A consumerr shall not connect any meter referred to in sub-section (1) with any electric supply line through which energy is supplied by a licensee, or disconnect the same from any such electric supply-line ; ***.... *** *Provided that a licensee shall connect or disconnect a consumer if required to do so within 48 hours of the service*	

					visions of sub-section (5).In the revised draft the onus of connection or disconnection within 48 hours after service of a notice has been placed on a licensee. Failing compliance a consumer would seek remedy under the provisions of Section 47.	*of a notice to that effect on him by a consumer.*
42	26 (6)	Where any difference or dispute arises as to whether any meter referred to in sub-section (1) is or is not correct, the matter shall be decided upon the application of either party by an Electric Inspector, or by a competent person specially appointed by the Provincial Government in this behalf, and, where the meter has in the opinion of such Inspector or person ceased to be correct such Inspector or person shall estimate the amount of the energy supplied to the consumer or the electrical quantity contained in the supply during such time as the meter shall not, in the opinion of such Inspector or person, have been correct, and where the matter has been decided by any person other than the Electric Inspector an appeal shall lie to the Inspector, whose decision shall in every case be final : but save as aforesaid, the register of the meter shall in the absence of fraud be conclusive proof of such amount or quantity : Provided that before either a	Gangadharia & Ferro as amended by CEC.	In Sub-section (6), the words 'not exceeding 3 months' may be inserted after the expression 'during such time'.	It has been considered desirable to fix the limits of maximum debit or credit in the event of a meter being faulty. In the opinion of this Commission a consumer or a licensee ought to know at least after two consecutive readings of the defect if any in the meter. The period of six months suggested by M/s. Gangadharia & Ferro is considered too long.	26(6) Where any difference or dispute arises as to whether any meter referred to in sub-section (1) is or is not correct the matter shall be decided upon the application of either party by an Electrical Inspector, or by a competent person specially appointed by the **State* Government in this behalf ; and where the meter has, in the opinion of such Inspector or person, ceased to be correct, such Inspector or person shall estimate the amount of the energy supplied to the consumer or the electrical quantity contained in the supply, during such time *not exceeding 3 months* as the meter shall not, in the opinion of such Inspector or person, have been correct, and where the matter has been decided by any person other than the Electrical Inspector, an appeal shall lie to the Inspector whose decision shall in every case be final; but save as aforesaid, the register of the meter shall in the absence of fraud be conclusive proof of such amount or quantity : Provided that before either a licensee or a consumer ap-

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amend ment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
42 *contd.*	26(6)— *contd.*	licensee or a consumer applies to the Electric Inspector under this sub-section, he shall give to the other party not less than seven days' notice of his intention so to do.				plies to the Electrical Inspector under this sub-section, he shall give to the other party not less than seven days' notice of his intention so to do.	
43	28	**Sanction required by non-licensees in certain cases**— (1) No person other than a licensee shall engage in the business of supplying energy except with the previous sanction of the Provincial Government and in accordance with such conditions as the Provincial Govern - ment may fix in this behalf, and any agreement to the contrary shall be void :	Ganga-dheria & Ferro as amended by CEC.	Substitute the proviso of section (1) by the following :—	It is felt that a provision of this nature should be made with a view to consider objection, if any, from these authorities concerned as already provided for in Section 3. It will, however, be noted that none, of the authorities in a case like this have the power of a veto. A State Govt. could if it considers an objection unreasonable, grant the necessary sanction.	**Sanction required by non-licensees in certain cases**— (1) No person other than a licensee shall engage in the business of supplying energy except with the previous sanction of the **State* Government and in accordance with such conditions as the **State* Government may fix in this behalf, and any agreement to the country shall be void.	
		Provided that such sanction shall not be given within the area for which a local authority is constituted, without that local authority's consent or within the area of supply of any licensee without that licensee's consent unless the provincial Government considers that consent has been unreasonably withheld :		Provided that such sanction shall not be given within an area : (*a*) for which a local authority is constituted, (*b*) forming part of any cantonment, fortress, arsenal, aerodrome, dock-yard or camp or any building or place in the occupation of the Union Govt. for naval or military purposes, (*c*) forming part of a licensee's area, including an area for which a State Electricity Board has been constituted, without the consent of the authority concerned, unless the State Govt. consider that consent has been unreasonably with held.		Provided that such sanction shall not be given within an area ; (*a*) for which a local authority is constituted ***.... *** (*b*) *forming part of any cantonment, fortress, arsenal, aerodrome, dockyard or camp or any building or place in the occupation of the Union Govt. for naval or military purposes.* (*c*) *forming part of a licensee's area, including* an *area for which a State Electricity Board has been constituted, without the consent of the authority concerned,* unless	

						the *State Govt. consider that consent has been unreasonably withheld.
44		(2) Where any difference or dispute arises as to whether any person is or is not engaging or about to engage in the business of supplying energy within the meaning of sub-section (1), the matter shall be referred to the Provincial Government and the decision of the Provincial Government thereon shall be final.	Electrical Inspectors Conference 1928.	Add the following at the end of the section :— Explanation—for the purpose of this section, any person who supplies energy to any other person outside his own premises shall be deemed to be engaging in the business of supplying energy.	The term 'engage in the business of supplying energy' has been considered as vague and an explanation is considered necessary.	(2) Whereanydifferenceor dispute arises as to whether or any person is or is not engaging or about to engage in the business of supplying energy within the meaning of sub-section (1), the matter shall be referred to the *State Government and the decision of the *State Government thereon shall be final. *Explanation—For the purpose of this section any person who supplies energy to any other person outside his own premises shall be deemed to be engaging in the business of supplying energy.*
45	30	**Control for transmission and use of energy :—** (1) No person, other than a licensee duly authorised under the terms of his license, shall transmit or use energy at a rate exceeding two hundred and fifty watts. (*a*) in any street, or (*b*) in any place, (*i*) in which one hundred or more persons are likely ordinarily to be assembled, or (*ii*) which is a factory within the meaning of the Indian Factories Act, 1911 (II of 1911), or (*iii*) which is a mine within the meaning of the Indian Mines Act, 1901 (VIII of 1901), or (*iv*) to which the Provincial Government by gen	Deptt. of Labour Circular No., 803 dt. 22-8-38. Sectional Note XX	In clause (*b*) of sub-section (1) (*a*) In sub-clause (*ii*), for the words and figures' within the meaning of the Indian Factories Act, 1911 the brackets, letter, words and figures 'as defined in clause (*j*) of Section 2 of the Factories Act, 1934' shall be substituted. (*b*) In sub-clause (*iii*), for the words and figures 'within the meaning of the Indian Mines Act, 1901' the words and figures 'subject to the operation of the Mines Act 1923' shall be substituted. That a new sub-clause (*iii-a*) in the following sense be added: (*iii-a*)—*which is open to the pub-*	There are two types of factories 'within the meaning of the Factories Act' of which only one should be included and certain excavations which are defined as 'Mines' in the Mines Act are exempted from its scope and do not find place in this Section. Sub-clauses (*a*) and (*b*) correctly represent the references to the Factories and Mines Act in the light of Section 8(1) of the General Clauses Act. Notice is already provided for, to an Inspector under Rule 60 for installations using energy at a voltage higher	**Control of transmission and use of energy.** (1) No person, other than a licensee duly authorised under the terms of his license, shall transmit or use energy at a rate exceeding two hundred and fifty watts, (*a*) in any street, or (*b*) in any place, (*i*) in which one hundred or more, persons are likely ordinarily to be assembled, or (*ii*) which is a factory***···*** *as defined in clause (j) of Section 2 of the Factories Act,* 1934, or (*iii*) which is a mine ***···*** *subject to the operation of the Mines Act,* 1923, or (*iii*-a) *which is open to the public for business purposes, where the pressure exceeds*

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
47	30—*contd.*	special order, declares the provisions of this sub-section to apply, without giving not less than seven clear days' notice in writing of his intention to the District Magistrate or, in a Presidency-town to the Commissioner of Police and complying with such of the provisions of Part IV, and of the rules made thereunder, as may be applicable:		*lic for business purposes, where the pressure exceeds low pressure.*	than low voltage. It is therefore desirable to make this provision	*low pressure, or* (*iv*) to which the **State* Govt. by General or special order, declares the provisions of this sub-section to apply, without giving not less than seven days' notice in writing of his intention to the *Electrical Inspector and the* District Magistrate or in a Presidency town, to the Commissioner of Police and complying with such of the provisions of Part IV, and of the rules made thereunder, as may be applicable.	
			Deptt. of Labour Circular No. 803 dated 22-8-38.	In Sub-section (1), before the words 'District Magistrate' the words 'Electrical Inspector and the' shall be inserted.	It is considered necessary to advise the Electrical Inspectors with a view to giving them opportunity to ensure adequate safety measures.		
48		Provided that nothing in this Section shall apply to energy used for the public carriage of passengers, animals or goods on, or for the lighting or ventilation of the rolling-stock of, any railway or tramway subject to the provisions of the Indian Railways Act, 1890 (IX of 1890) :	Sectional Note XX as amended by CEC.	Add a further proviso to Sub-section (1) as follows :— Provided further that the Electrical Inspector shall be furnished with particulars of plant and nature of supply before the commencement of supply and also when any additions and alterations thereto are made.	This is consequential to the amendment above. It is necessary that the Electrical Inspector should also know the particulars of installation to enable him to decide whether an inspection is necessary or not.	Provided, that nothing in this Section shall apply to energy used for the public carriage of passengers, animals or goods on, or for the lighting or ventilation of the rolling stock of any railway or tramway subject to the provisions of the Indian Railways Act, 1890 (IX of 1890):	
		Provided, also that the Provincial Government may, by general or special order and subject to such conditions and restrictions as may be specified therein, exempt from the application of this section or of any such provisions or rule as aforesaid any person or class of persons using energy on premises upon or in connection with which it is generated, or using energy supplied under Part II in any place specified in				Provided, also, that the **State* Government may, by general or special order and subject to such conditions and restrictions as may be specified therein exempt from the application of this section or of any such provision or rule as aforesaid any person or class of persons using energy on premises upon or in connection with which it is generated, or using energy supplied	

		clause (*b*). (2) Where any difference or dispute arises as to whether a place is or is not one in which one hundred or more persons are likely ordinarily to be assembled, the matter shall be referred to the Provincial Government and the decision of the Provincial Government thereon shall be final.				under Part II in any place specified in clause (*b*) : *Provided further that the Electrical Inspector shall be furnished with particulars of plant and nature of supply before the commencement of supply and also when any additions and alterations thereto are made.*
49		(3) The provisions of this Section shall be binding on the Crown.	CEC	In sub-section (3), for the word 'Crown', substitute the words 'States and the Union Government'.	In view of the constitutional changes.	(2) Where any difference or dispute arises as to whether a place is or is not one in which one hundred or more persons are likely, ordinarily to be assembled, the matter shall be referred to the **State* Government and the decision of the **State* Government thereon shall be final. (3) The provisions of this Section shall be binding on the **States and the Union* Government...
50	33 (1) .	**Notice of accidents and inquiries .—** (1) If any accident occurs in connection with the generation, transmission, supply or use of energy in, or in connection with any part of the electric supply-lines or other works of any person, and the accident results or is likely to have resulted in loss of life or personal injury, such person shall give notice of the occurrence, and of any loss of life or personal injury, actually occasioned by the accident,	Sectional Note XXI as amended by CEC.	To sub-section (1) add a proviso as under : Provided that the conditions under which and the place where the accident occurs shall without continued interruption to public supply or further endangering life or property in any way, be left as they were, immediately after the accident, until the expiration of at least seven clear days after service of the notice of the accident, or until the visit to the place by an Electrical Inspector, which-	To ensure that evidence is not destroyed by interested parties.	**Notice of accidents and inquiries .—** (1) If any accident occurs in connection with the generation, transmission, supply or use of energy in, or in connection with any part of the electric supply-lines or other works of any person, and the accident results or is likely to have resulted in loss of life or personal injury, such person shall give notice of the occurence, and of any loss of life or personal injury, actually occasioned by the accident, in such form and within

Sl. No.	Section No.	Textofthesection as it exists	Name of the proposer	ProposedAmendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Boar
1	2	3	4	5	6	7	8
50—*contd.*	*contd.* 33(1)—	in such form and within such time and to such authorities as the Provincial Government may, by general or special order, direct.		ever is earlier.		such time and to such authorities as the **State* Government may, by general or special order, direct : *Provided that the conditions under which and the place where the accident occurs shall without continued interruption to public supply or further endangering life or property in any way, be left as they were, immediately after the accident, until the expiration of at least seven clear days after service of the notice of the accident, or until the visit to the place by an Electrical Inspector, whichever is earlier.*	
51	33(3) NEW		Electrical Inspectors Conference 1928 with sectional Note 8.	Add the following as sub-section (3)— "(3) *the person appointed under sub-section* (2), *to hold an enquiry, shall have all the powers of a Civil Court under the Code of Civil Procedure*, 1908, *for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects and every person required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of Section* 176 *of the Indian*	The provision is bodily taken from Section 21(2) of the Indian Mines Act 1923 and is designed to fill in a want advocated by the Electrical Inspectors Conference in 1928. Such powers are considered necessary for enabling the investigating officers to arrive at conclusions speedily and correctly.	Same as under column No. 5.	

52			Gangadharia and Ferro and CEC.	*Penal Code.*" Add an explanation at the end of Section, as under : *Explanation—For the purpose of this Section 'life' means life of a human being or a domestic animal.*	It is considered desirable to restrict the meaning as proposed.	Same as under column No. 5.
53	34 (2) .	**Prohibition of connections with earth and power to Government to interfere in certain cases of default.**— If at any time it is established to the satisfaction of the Provincial Government. (*a*) that any part of an electric supply line is connected with earth contrary to the provisions of sub-sections (1), or (*b*) that any electric supply-lines or other works for the generation, transmission, supply or use of energy are attended with danger to the public safety or to human life or injuriously affect any telegraph line, or (*c*) that any electric supply-lines or other works are defective so as not to be in accordance with the provisions of this Act or of any rule thereunder, the Provincial Government may, by order in writing, specify the matter complained of and require the owner or user of such electric supply-lines or other works to remedy it in such manner as shall be specified in the order, and may also in like manner forbid the use of any electric supply-line or works until the order is complied with or for such time as is specified in the order.	Electrical Inspectors Conference 1928.	Insert the words ' or other apparatus or appliances' between the words 'supply line' and 'is' in clause (*a*) of sub-section (2).	It is considered desirable to define the scope of the application.	34 (2) **Prohibition of connections with earth and power to Government to interfere in certain cases of default .**— If at any time it is established to the satisfaction of the **State* Government.— (*a*) that any part of an electric supply line *or other apparatus or appliances is* connected with earth contrary to the provisions of sub-sections (1), or (*b*) that any electric supply-lines or other works for the generation, transmission, supply or use of energy are attended with danger to the public safety or to human life or injuriously affect any telegraph-line, or (*c*) that any electric supply-lines or other works are defective so as not to be in accordance with the provisions of this Act or of any rule thereunder, the **State* Government may, by order in writing, sepcify the matter complained of and require the owner or user of such electric supply-lines or other works to remedy it in such manner as shall be specified in the order, and may also in like manner forbid the use of any electric supply-line or works until the order is complied with or for such time as is specified in the order.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
54	36	**Appointment of Electric Inspectors.**— (1) The Central Government may, by notification in the official Gazette, appoint duly qualified persons to be Electric Inspectors, and every Electric Inspector so appointed shall in relation to mines, oilfields and railways exercise the powers and per-form the functions of an Electric Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct. (2) The Provincial Government may, by notification in the official Gazette, appoint duly qualified persons to be Electric Inspectors within such areas as may be assigned to them respectively ; and every Inspector so appointed shall except in relation to mine, oilfields and railways exercise the powers and perform the functions of an Electric Inspector under this Act subject to such restrictions as the Provincial Government may direct.	CEC X. 8102.	In Sub-sections (1) and (2) delete the word 'and' between 'oil-fields' and 'railways' and after the word railways add 'defence establishments and centrally administered areas specified in Part C of the first schedule to the Constitution of India.' U	It is considered desirable to give power to the Ministry of Defence to appoint its own Inspector, if so desired for security reasons. Due to lack of electrical development in some of the centrally administered areas, the work of electrical inspection and advice is a ready being carried out by the CEC In the interest of economy it is considered desirable that the work of electrical inspection and advice should be undertaken by a department of the Union Government with the concurrence of the Chief Commissioners of such areas.	**Appointment of Electrical Inspectors.**— (1) The Central Government may by notification in the official Gazette, appoint duly qualified persons to be Electrical Inspectors and every Electrical Inspector so appointed shall inrelation to mines, oilfields railways, *defence establishment and centrally administered areas specified in Part C of the first schedule to the Constitution of India* exercise the powers and perform the functions of an Electrical Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct. (2) The * *State* Government may by notification in the official Gazette, appoint duly qualified persons to be Electrical Inspectors within such areas as may be assigned to them respectively; and every Inspector so appointed shall except in relation to mines, oilfields, railways, *defence establishment and centrally administered areas specified in Part C of the first schedule to the Constitution of India* exercise the powers and perform the functions of an Electrical Inspector under	

						this Act subject to such restrictions as the *State Government may direct.
55	36A (2)	**Central Electricity Board :** The Central Electricity Board shall consist of fifteen members, namely— (*a*) a chairman to be nominated by the Central Government. (*b*) one member to be nominated by each of the Provincial Governments of Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar, the Central Provinces and Berar, Assam the North, West Frontier Province, Sind and Orissa : (*c*) one member, holding office for a period of three years, to be nominated alternately by the Provincial Government of Delhi and the Provincial Government of Ajmer-Merwara ; (*d*) one member to be nominated by the Chief Commssioner of Railways; and (*e*) one member to be nominated by Chief Inspector of mines.	Federation of Electricity Undertakings India Institution of Engineers (India) and CEC.	Replace Sub-section (2)by following :— (2) The Central Electricity Board shall consist of : (*a*) a Chairman to be nominated by the Union Government. (*b*) one member to be nominated by each of the States, specified in Part A of the First Schedule to the Constitution of India. (*c*) three members to be nominated by the Union Government to represent. (*i*) the States specified in Part C of the first Schedule to the Constitution of India. (*ii*) Electric Supply Industry. (*iii*) Engineering Institutions. (*d*) one member to be nominated by the Chief Commissioner of Railways, and *e*) one member to be nominated by the Chief Inspector of Mines.	Requests have been received from the Federation of Electricity Undertakings in India and the Institution of Engineers (India) for representation on the Board. It is considered desirable to give represtation to the Electric Supply industry and the engineering institutions. Provision has therefore been made to empower the Union Government to nominate members on their behalf.	**Central Electricity Board :—** (2) The Central Electricity Board shall consist of **** (*a*) a Chairman to be nominated by the **Central* Government. (*b*) one member to be nominated by each of the ** *States****. .*** *specified in Parts A of the First Schedule to the Constitution of India.* (*c*) *three members to be nominated by the Central Government to represent—* (*i*) *the States specified in Part C of the first schedule to the Constitution of India.* (*ii*) *Electric Supply industry* (*iii*) *Engineering Institutions.* (*d*) one member to be nominated by the Chief Commissioner of Railways, and (*e*) one member to be nominated by the Chief Inspector of Mines.
56	37 (3)	**Power for Board to make rules.** Any rule made in pursuance of clause (*f*) or clause (*h*) of sub-section (2) shall be binding on the Crown.	C.E.C. and WMP. file No. EB/77/1.	Substitute the following for the existing sub-section (3) .— '(3) Any rules made in pursuance of clauses (*e*), (*f*), (*g*),(*h*), (*i*) and (*j*) of sub-section (2), shall be binding on the States and the Union Government.	It has been reported that certain State Governments avoided compliance with various desirable provisions of the rules (mostly relating to safety measures) in respect of their own electrical installations and did not	**Power for Board to make rules.** (3) Any rules made in pursuance of clauses (*e*),(*f*),(*g*), *(*h*), (*i*) and (*j*) of sub-section (2) shall be binding on the *State and the Union Government.

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
					permit electrical inspectors to inspect as they considered that all the rules were not binding on the Crown		
57	40	**Penalty for maliciously wasting energy or injuring works :** Whoever maliciously causes energy to be wasted or diverted or with intent to cut off the supply of energy, cuts or injures, or attempts to cut or injure any electric supply line or works shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to one thousand rupees or with both.	Sectional Note No. 9 Bengal Government.	For the words 'two years or with fine which may extend to one thousand rupees' substitute the words 'five years or with fine.'	The Bengal Government desire the enhancement of the penalty for sabotage in public supply works to five years without limit of fine. The penalty is prescribed in accordance with the provisions in Sections 430 and 432 of the Indian Penal Code.	**Penalty for maliciously wasting energy or injuring works :** Whoever maliciously causes energy to be wasted or diverted or with intent to cut off the supply of energy, cuts or injures, or attempts to cut or injure, any electric supply line or works, shall be punishable with im*-prisonment for a term which may extend to **five* years or with fine*** ....*** or with both.	
58	44	**Penalty for interference with meters or licensees' works and for improper use of energy.** Whoever— (*a*) connects any meter referred to in Section 26, subsection (1), or any meter, indicator or apparatus referred to in section 26, subsection (7), with any electric supply-line through which energy is supplied by a licensee, or disconnects the same from any such electric supply-line, without giving to the licensee forty- eight hours' notice in writing of his intention ; or	Gangadharia & Ferro.	Delete the words 'without giving to the licensee forty eight hours notice in writing of his intention' from the end of the clause (*a*), delete the words 'without such licensees consent' from the end of the clause (*b*).	This is consequential to the amendment proposed to Section 26, in regard to the withdrawal of powers of the consumers to connect or disconnect meters at his premises.	**Penalty for interference with meters licensee's works and for improper use of energy :** Whoever— (*a*) connects any meter referred to in Section 26, subsection (1), or any meter, indicator or apparatus referred to in section 26, subsection (7) with any electric supply-line through which energy is supplied by a licensee, or disconnects the same from any such electric supply-line,***..**** ; or	

(*b*) lays, or causes to be laid, or connects up any works for the purpose of communicating with any other works belonging to a licensee, without such licensee's consent ; or

(*c*) maliciously injures any meter referred to in section 26, sub-section (1) , or any meter, indicator or apparatus referred to in section 26, sub-section (7) or wilfully or fraudulently alters the index of any such meter, indicator or apparatus, or prevents any such meter, indicator or apparatus from duly registering ; or

(d) improperly uses the energy of a licensee ;

shall be punishable with fine which may extend to five hundred rupees, and in the case of a continuing offence, with a daily fine which may extend to fifty rupees ; and if it is proved that any artificial means exist for making such connection as is referred to in clause (*a*) or such communication as is referred to in clause (*b*) or for causing such alteration or prevention as is referred to in clause (*c*) or for facilitating such improper use as is referred to in clause (d) and that the meter, indicator or apparatus is under the custody or control of the consumer, whether it is his property or not, it shall be presumed , until the contrary is proved, that

(*b*) lays, or causes to be laid, or connects up any works for the purpose of communicating with any other works belonging to alicensee**..*

or

(c) maliciously injures any meter referred to in section 26, sub-section (1) or any meter, indicator or apparatus referred to in section 26, sub-section (7), or wilfully or fraudulently alters the index of any such meter, indicator or apparatus, or prevents any such meter, indicator or apparatus from duly registering ; or

(*d*) improperly uses the energy of a licensee ;

shall be punishable with fine which may extend to five hundred rupees, and in the case of a continuing offence, with a daily fine which may extend to fifty rupees; and if it is proved that any artificial means exist for making such connection as isreferred to in clause (*a*)or such communication as is is referred to in clause (*b*) or for causing such alteration or prevention as is referred to in clause (*c*) or for facilitating such improper use as is referred to in clause (*d*) and that the meter, indicator or apparatus is under the custody or control of the consumer, whether it is his property or not, it shall be presumed until the contrary is proved, that such connection, communication, alteration, prevention or improper use, as the case may be, has been knowingly and

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		such connection, communication, alteration, prevention or improper use, as the case may be, has been knowingly and wilfully caused by such consumer.				wilfully caused by such consumer.—	
59	51	**Exercise in certain cases of powers of telegraph authority :** Notwithstanding anything in sections 12 to 16 (both inclusive) and sections 18 and 19, the Provincial Government may, by order in writing, for the placing of appliances and apparatus for the transmission of energy, confer upon any public officer or licensee, subject to such conditions and restrictions (if any) as the Provincial Govt. may think fit to impose, and to the provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any of the powers which the telegraph-authority possesses under that Act, with respect to the placing of telgeraph-lines and posts for the purposes of a telegraph established or maintained by the Government or to be so established or maintained.	Electrical Inspectors Conference & CEC	Insert the words 'or the telephonic or telegraphic communications necessary for the proper co-ordination of the works of a licensee' after the words 'transmission of energy'.	Although it is maintained that the provision is implied in the Section, a specific provision to the effect has been considered desirable on the analogy of Section 42 of the Electricity (Supply) Act 1948.	**Exercise in certain cases of powers of telegraph authority :—** Notwithstanding anything in sections 12 to 16 (both inclusive) and sections 18 and 19 the* *State* Government may by order in writing, for the placing of appliances and apparatus for the transmission of energy, *or the telephonic or telegraphic communications necessary for the proper co-ordination of the works of a licensee* confer upon any public officer or licensee subject to such conditions and restrictions (if any) as the **State* Government may think fit to impose, and to the provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any of the powers which the telegraph-authority possesses under that Act with respect to the placing of telegraph-lines and posts for the purposes of a telegraph established or maintained by the Government or to be so established or maintained.	

60	52	**Arbitration :** Where any matter is by or under this Act, directed to be determined by arbitration, the matter shall unless it is otherwise expressly provided in the license of a licensee, be determined by such person or persons as the Provincial Government may nominate in that behalf on the application of either party ; but in all other respects the arbitration shall be subject to the provisions of the Arbitration Act 1940 (X of 1940).	Sectional Note XXIX Federation of election Undertakings & CEC.	Add a proviso to the Section as under :— Provided that where a State Government or a State Electricity Board where such a Board has been constituted, are a party to a dispute it shall be referred to two arbitrators, one to be appointed by each party to the dispute.	In cases of disputes, where a State Government is a party to the dispute *e.g.*, (*a*) valuation, sections 5(*b*) & 7(1), (*b*) regarding works and compensation, sections 13 to 16, (*c*) regarding damage by licensee to Government property—section 19, (*d*) about charges for public lamps—clause XII. It is inequitable to have the matter decided by arbitrator or arbitrators solely appointed by the State Government. The new provision has been made on the analogy of Section 76 of the Electricity (Supply) Act, 1948.	**Arbitration :** Where any matter is by or under this Act, directed to be determined by arbitration, the matter shall unless it is otherwise expressly provided in the license of a licensee, be determined by such person or persons as the State Government may nominate in that behalf on the application of either party ; but in all other respects the arbitration shall be subject to the provisions of the Arbitration Act, 1940 (X of 1940). *Provided that where a State Government or a State Electricity Board where such a Board has been constituted are a party to a dispute, it shall be referred to two arbitrators, one to be appointed by each party to the dispute.*
61	54	**Recovery of sums recoverable under certain provisions of Act:** Every sum declared to be recoverable by section 5, clause (*f*) section 6, sub-section (2), section 14, sub-section (2), clause (*h*), section 16, sub-section (2), section 18, sub-section (2) or sub-section (4) or section 26, sub-section (4) and every fee leviable under this Act, may be recovered, on application to a Magistrate having jurisdiction where the person liable to pay the same is for the time being resident by the distress and sale of any moveable property belonging to such person.	Sectional Note No. 10 Sectional Note No. XIX and C.E.C.	For the words recoverable by Section 5, clause(*f*), Section 6, sub-section (2), Section 14, Sub-section (2), clause (*h*), Section 16, sub-section (2), Section 18, sub-section (2) or sub-section (4) or section 26, sub-section (4) substitute the words 'recoverable by or under this Act'. For the word's by the distress and sale of any moveable property belonging to such person' substitute the words 'as arrears of land revenue'.	The povision omits fines recoverable under sub-clause (1) of Clause VI of the Schedule and those under the I.E. Rules, 1937. Amendment is also necessary on account of the amendments to this Act. The Amendment proposed fulfils all the needs in a simple way. In view of the fact that a Magistrate is an executive authority and does not possess powers of a Civil Court.	**Recovery of sums recoverable under certain provisions of Act** Every sum declared to be recoverable * . . . * *or under this Act* and every fee leviable under this Act, may be recovered on application to a Magistrate having jurisdiction where the person liable to pay the same is for the time being resident** ** * *as arrears of land revenue.*

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
63	65	**Delegation of certain functions of Provincial Government to Electrical Inspectors** The Provincial Government may by general or special order authorise the discharge of any of its functions under section 13 or section 18, or section 34, sub-section (2) or clause V, sub-clause (2) or clause XIII of the Schedule by an Electrical Inspector.	**Gangadharia & Ferro**	Substitute the words 'Union or State Government' for the words 'Provincial Government' in the heading of the Section. Substitute the words 'The, Union or State Government, as the case may 'befor the words 'Provincial Government'.	To give powers to the Union Government in regard to the Electrical Inspectors appointed by it under Section 36.	**Delegation of certain functions of Union or State Goverment to Electrical Inspectors :** The* *Union or State Government as the case may be,* may by general or special order authorise the discharge of any of its functions under section 13, or section 18, or section 34, sub-section (2) or clause V, sub-clause (2) or clause XIII of the Schedule by an *Electrical* Inspector.	
64	Clause I Sub-clause (*c*)	**Security for execution of works of licensee not being local authority :—** The said sum deposited or secured by the licensee under the provisions of this clause shall be repaid or released to him on the completion of the works or at such earlier date or dates and by such instalments, as may be approved by the Provincial Government.	**Proposed** Electrical Inspectors Conference 1928 amended by CEC	**amendments to the Schedule to** To sub-clause (*c*) add the following porviso :— 'Provided that if the works in the compulsory area are not completed or if the supply of energy is not commenced by a licensee by the due date, the State Government may forfeit the whole or part of the amount so deposited.	**The Indian Electricity Act, 1910.** Except for revocation under Section 4, there is nothing in the Act to penalise a licensee for delay in completion of compulsory works or commencing to supply energy by due date. The new provision is only permissive and intended to be invoked in cases where a licensee fails, whether due to inefficiency or deliberate action to take steps to prevent this delay in completion of works by the date specified in this behalf in his license.	(*c*) **Security for execution of works of licensee not being local authority :—** The said sum deposited or secured by the licensee under the provisions of this clause shall be repaid or released to him on the completion of the works or at such earlier date or dates and by such instalments, as may be approved by the State Government. *Provided that if the works in the compulsory area are not completed or if the supply of energy is not commenced by a licensee by the due date, the State Government may forfeit the whole or part of the amount so deposited.*	

65.	Clause II	**Audit of Accounts of licensee not being local authority :—** Where the licensee is not a local authority, the following provisions as to the audit of accounts shall apply :— (*a*) The annual statement of accounts of the undertaking shall, before being rendered under section 11 of the Indian Electricity Act, 1910, be examined and audited by such person as the Provincial Government may appoint or approve in this behalf, and the remuneration of the auditor shall be such as the Provincial Government may direct, and his remuneration and all expenses incurred by him in or about the execution of his duties to such an amount as the Provincial Government shall approve, shall be paid by the licensee on demand.	CEC	Add the words 'or the State Electricity Board, where such Board has been constituted' after the words 'Provincial Government' wherever they occur in this clause.	In view of the Provisions of section 75(3) of the Electricity (Supply) Act, 1948.	**Audit of accounts of licensee not being local authority :** Where the licensee is not a local authority, the following provisions as to the audit of accounts shall apply. (*a*) The annual statement of accounts of the undertaking shall, before being rendered under section 11 of the Indian Electricity Act, 1910, be examined and audited by such person as the **State* Government *or the State Electricity Board, where such a Board has been constituted* may appoint or approve in this behalf, and the remuneration of the auditor shall be such as the **State* Government *or the State Electricity Board, where such a Board has been constituted* may direct, and his remuneration and all expenses incurred by him in or about the execution of his duties to such an amount as the **State* Government *or the State Electricity Board, where such a Board has been constituted* shall approve, shall be paid by the licensee on demand.
		(*b*) The licensee shall afford to the auditor, his clerks and assistants, access to all such books and documents relating to the undertaking as are necessary for the purposes of the audit, and shall when required, furnish to him and them all vouchers and information requisitefor that purpose, and afford to him and them all facilities for the proper execution of his or their duties.	Electrical Inspectors' Conference 1928	In sub-section (*b*) insert the words 'including technical data and statements of energy generated and sold' between the words 'documents' and 'relating'.	Although it is opined that an Auditor is authorised to check up technical data statement of energy generated and sold as far as possible, it has been considered advisable to make a specific provision in this respect to allay doubts.	(*b*) The licensee shall afford to the auditor, his clerks and assistants, access to all such books and documents *including technical data and statements of energy generated and sold* relating to the undertaking as are necessary for the purposes of the audit and shall when required, furnish to him and them all vouchers and information requisite, for that purpose, and afford

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
						to him and them all facilities for the proper execution of his or their duties.	
		(*c*) The audit shall be made and conducted in such manner as the Provincial Government may direct.				(*c*) The audit shall be made and conducted in such manner as the **State* Government *or the State Electricity Board where such a Board has been constituted* may direct.	
		(*d*) Any report made by the auditor, or such portion thereof as the Provincial Government may direct, shall be appended to the annual statement of accounts of the licensee, and shall thenceforth form part thereof.				(*d*) Any report made by the auditor or such portion the reof as the **State* Government or *the State Electricity Board, where such a Board has been constituted* may direct shall be appended to the annual statement of accounts of the licensee, and shall thenceforth form part thereof.	
		(*e*) Notwithstanding the foregoing provisions of this clause, the Provincial Government may, it if thinks fit, accept the examination and audit of an auditor appointed by the licensee.				(*e*) Notwithstanding the foregoing provisions of this clause, the **State* Government *or the State Electricity Board where such* a Board *has been constituted* may, if it thinks, fit, accept the examination and audit of an auditor appointed by the licensee.	
67			U. P. Govt. Sectional Note No. 13 amended by CEC.	Add a new sub-clause- (*f*) as under :— "In the event of a licensee knowingly by his act or omission makes a default in complying with the provisions of this Act or the	Rule 36 of the I.E. Rules, 1937 provides for maintenance of accounts in specified forms and Sixth Schedule to the Electricity (Supply) Act lays down the financial principles to be observed by a licensee. Under Schedule	(*f*) *In the event of a licensee knowingly by his act or omission makes a default in complying with the provisions of this Act or the Rules made*	

67 contd.	Clause II			Rules made thereunder or the Electricity (Supply, Acts 1948 in the keeping of his accounts, he shall in respet cf such office be liable to a fine not exceeding rupees one thousand.	II to the I.E. Act the State Government has power to approve or appoint auditors to audit the accounts. But no provision exists for any action by the Government in the event of failure or default on the part of a licensee in respect of the keping of accounts of his undertaking. The provision has been borrowed from sub-section (4) of section 130 of the Indian Companies At, 1913.	*thereunder or the Electricity (Supply) Act, 1948 in the keeping of his accounts, he shall in respect of such offence be liable to a fine not exceeding rupees one thousand.*
68	Clause III	**Separate Accounts—** The licensee shall, unless the Provincial Government otherwise directs at all times keep the accounts of the capital employed for the purposes of the undertaking distinct from the accounts kept by him of any other other undertaking or business.	CEC	Add the words "or the State Electricity Board, where such a Board has been constituted ' after the words 'Provincial Government'.	In view of the provisions of the section 75 (3)of the Electricity (Supply) Act, 1948.	**Separate Accounts—** The licensee shall, unless the **State Government or the State Electricity Board where such a Board has been constituted* otherwise directs, at all times keep the accounts of the capital employed for the purpose of the undertaking distinct from the accounts kept by him of any other undertaking or business.
69	Clause V (i)	**Provisions as to laying down of further distributing mains** (1) Where after the expiration of two years and six months the license, from the commencement of a requisition is made by six or more owners or occupiers of premises in of upon any street or part of a street within the area of supply or by the Provincial Government or a local authority charged with the public lighting thereof, requiring the licensee to provide distributing mains throughout such street or part thereof, the licensee				

Sl. No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		shall comply within six months with the requisition unless—					
		(*a*) where it is made by such owners or occupiers as aforesaid, the owners or occupiers making it do not, within four-teen clear days after the service on them by the licensee of a notice in writing in this behalf, tender to the licensee a written contract duly executed and with sufficient security binding themselves to take, or guarranteeing that there shall be taken, a supply of energy for not less than two years to such amount as will in the agrgegate produce annually at the current rates charged by the licensee, a reasonable return to the licensee ; or	Electrical Inspectors Conferenc and CEC	In sub-clause (1)(*a*) for the words 'a resonable return' substitute the words a ree-return not exceeding 15 percentum of the cost of the distributing main.	The Electrical Inspectors con ference 1928 has expressed the need for determination of the reasonable return.	(a) where it is made by such owners or occupiers as aforesaid, the owners or occupiers making it do not, within fourteen clear days after the service on them by the licensee of a notice in writing in this behalf tender to the licensee a written contract duly executed and with sufficient security binding themselves to take, or guaranteeing that there shall be taken a supply of energy for not less than two years to such amount as will in the aggregate produce annually, at the current rates charged by the licensee a ******return not exceeding* **15** *per centum of the cost of the distributing mains* to the licensee ;	
70	Do.		Electrical Inspectors Conference and CEC	At the end of subclause (*a*) before the word 'or' add the following proviso— 'Provided that the step-up or step-down transformers and other substation equipment shall not be deemed to form part of the distributing mains for the purpose of calculating the guranteed return.'	This clarification is considered desirable to reduce doubts in this regard.	*'Provided that the step up or step-down transformers and other substaiion equipment shall not be deemed to form part of the distributing mains for the purpose of calculating the guaranteed return or*	
71	Clause VI(1) .	**Requisition for supply to owners or occupiers in vicinity—**	CEC .	In sub-clause (1) insert the following words :—	We are of the opinion that the ownership of a service line should vest in a licensee and	**Requisition for supply to owners or occupiers in vicinity—**	

	(1) Where after distributing mains have been laid down under the provision of clause IV or clause V and the supply of energy through those mains or any of them has commenced, a requisition is made by the owner or occupier of any premises situated within the area of supply requiring the licensee to supply energy for such premises, the licensee shall within one month from the making of the requisition or within such longer period as the Electric Inspector may allow supply, and, save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply energy in accordance with the requisition:		'install the service line at his own cost and ' between the words "or within such longer period as the inspector may allow" and "supply".	provision has been made for the licensee to install service lines at his own cost and get reasonable return. Under the Electricity (Supply) Act 1948 a licensee is allowed to adjust his rates to earn a specified reasonable return on his investment and it is immaterial whether he pays for it or recovers a part of it from consumers. For the purposes of capital base recovery from consumers on account of service lines is to be omitted.	(1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced, a requsition is made by the owner or occupier of any premises situated within the area of supply requiring the licensee to supply energy for such premises, the licensee shall, within one month from the making of the requisition, or within such longer period as the Electrrical Inspector may allow, *install the service line at his own cost and* supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply energy in accordance with the requisition.
72	Provided first, that the licensee shall not be bound to comply with any such requisition unless and until the person making it. (*a*) within fourteen days after the service on him by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the Provincial Government duly executed and with sufficient security binding himself to take a supply of energy for not less than two years to such amount as will produce, at current rates charged by	CEC CEC	Replace the first proviso to sub-clause (1) by the following : 'Provided first that— (*a*) the licensee shall not be bound to comply with any such requisition unless and until the person, making it, within fourteen days after the service on him, by the licensee a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the state Govt. duly executed and with sufficient security binding himself to take a supply of energy for not less than two	The legal opinion tends to vest the ownership of service line in the consumer who pays for it. The Law Ministry of the Govt. of India have however held that the service lines are the property of the licensee by whom they are to be maintained under subclause (2) of Clause VI of the Schedule to the Act. Usually the service lines paid for by some consumers are tapped by licensees for supply to other consumers and consumers who have paid for the origial service feel that the service lines paid for by them should not be utilised by the licensee for supply to others without compensating. Some licensees give some refund on scrap value basis for service lines which are no longer required by consumers.	Provided first that— (*a*) the licensee shall not be bound to copmply with any requisition, unless and until the person making it, within fourteen days after the service on him by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract in a form approved by the State Government duly executed and with sufficient security binding himself to take a supply of energy for not less than two years to such amount as will *in aggregate* produce *annually* at current rates charged by the licensee a * return

Serial No.	Section No.	Text of the section as it exists	Name of the proposes	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
		the licensee, a reasonable return to the licensee, and,		years to such amount as will in aggregate produce annually at current rates charged by the licensee a return to the licensee not exceeding 15 percentum of the cost of service line,		*to the licensee* not exceeding 15 percentum of the cost of service line.*	
		(*b*) If required by the licensee so to do pays to the licensee the cost of so much of any service-line as may be laid down or placed for the purposes of the supply upon the property in respect of which the requisition is made, and if so much of any service-line as it may be necessary for the said purposes to lay down or place beyond one hundred feet from the licensee's distributing main, although not on that property.		(*b*) unless directed so to do by the State Govt. a licensee shall not show any preference to consumers in giving supply, and		(*b*) *unless directed so to do the State Government a licensee shall not show any preference to consumers in giving supply, and*	
				(*c*) where a number of consumers make a requisition for supply the licensee shall apportion the cost of service line for the purposes of calculating the guaranteed return in proportion to the connected load of individual consumers.		(*c*) *where a number of consumers make a requisition for supply the licensee shall apportion the cost of service line for the purposes of calculating the guranteed return in proportion to the connected load of individual consumers.*	
73		Provided, thirdly, that the maximum rate per unit of time at which the owner or occupier shall be entitled to be supplied with energy shall	CEC	In the third proviso to sub-clause (1), for the words 'and the licensee may recover from the owner or occupier any expenses incurred by	This is consequential to the amendments adopted in the First proviso to Sub-Clause (1).	Provided, thirdly, that the maximum rate per unit of time at which the owner or occupier shall be entitled to be supplied with energy	

		not exceed what is necessary for the maximum consumption on his premises, and, where the owner or occupier has required a licensee to supply him at a specified maximum rate, he shall not be entitled to alter that maximum except, after one month's notice in writing to the licensee, and the licensee may recover from the owner or occupier any expenses incurred by him by reason of such alteration in respect of the servicelines by which energy is supplied to the property beyond one hundred feet from the licensee's distributing main, or in respect of any fittings or apparatus of the licensee upon that property ; and		him by reason of such alteration in respect of the service lines by which energy is supplied to the property beyond one hundred feet from the licensee's distributing main, or in respect of any fittings or apparatus of the licensee upon that property' substitute the words 'and the licensee may require the owner to guarantee additional return as will in the aggregate produce annually, at the current rates charged by the licensee a return not exceeding 15 percentum of the cost of augmentation of the service line, or in respect of any fittings or apparatus of the licensee upon that property.'		shall not exceed what is necessary for the maximum consumption on his premises and, where the owner or occupier has required a licensee to supply him at a specified maximum rate, he shall not be entitled to alter that maximum, except after one month's notice in writing to the licensee, *and the licensee may require the owner to guarantee additional return as will in the aggregate produce annually, at the current rates charged by the licensee a return not exceeding 15 per centum of the cost of augmentation of the service line, or in respect of any fittings or* apparatus of the licensee *upon that property* ; and
74	Clause VI (2)	(2) Any service line laid for the purpose of supply in pursuance of a requisition under sub-clause (1) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition, be maintained by the licensee.	Sectional Note No. XXV-C as amended by CEC.	Substitute the following for sub-clause (2) :— 'Unless otherwise agreed upon between a licensee and a consumer any service line laid for the purpose f supply in pursuance of requisition under sub-clause (1) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition, become the property of the licensee and shall be maintained by him, free of cost to the consumer.	This is consequential to the amendments proposed to the First proviso to Sub-clause (1). Provision has been retained for ownership by a consumer in cases of special agreements that may be made by a licensee in cases where the service line is unusually long and does not yield reasonable return. This will also cover services laid heretofore and where contributions have been made by consumers towards the cost thereof.	(2) *Unless otherwise agreed upon between alicensee and a consumer any service line laid for the purpose* of supply in pursuance of requisition under sub-clause (1) shall not withstanding that a portion of it may have been paid for by the person making the requisition, *become the property of the licensee, and shall* be maintained by *** *him free of cost to the consumer.*'
75	Clause VI(3)	(3) Where any difference or dispute arises as to the amount of energy to be taken or guaranteed as aforesaid or as to the cost of any service-line or as to the	Electrical Inspectors Conference 1928	In sub-clause (3) insert the following words :— (*a*) 'or as to the position of meter boards and service lines on consumers pre-	It is considered desirable to give the Electrical Inspector power to give decision on disputes relating to the position of meter boards and service lines on consumers premises as well as the	(3) Where any difference or dispute arises as to the amount of energy to be taken or guaranteed as aforesaid *or as to the position of meter boards and service lines on a consumers premises* or as to

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
75-contd.	Clause VI (3) —contd.	sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires, fittings, works or apparatus, or as to the amount of the expenses incurred under the third proviso to sub-clause (1), the matter shall be referred to an Electric Inspector and decided by him.		mises' between the words 'guaranteed as aforesaid', and the words 'or as to the cost of service-line' and (*b*)'for the purpose of arriving at the guaranteed return' between the words 'as to the cost of service lines' and 'or as to the sufficiency.'	disputes relating to guaranteed return. On the analogy of provisions in Sub-section (6) of Section 26, it is considered desirable to provide for a notice before submission of an appeal to an Electrical Inspector. As a dispute relating to matters specified in this instance is likely to take longer time for investigation it has been considered desirable to extend the period of notice to fifteen days.	the cost of service line *for the purpose of arriving at the guaranteed return* or as to the sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires, fittings, works, or apparatus ; or as to the amount of the expenses incurred under the third proviso to sub-clause (1), the matter shall be referred to an Electrical Inspector and decided by him.	
76				Add the following :— (*c*)'Provided that before either a licensee or a consumer applied to the Electrical Inspector under this Sub-clause he shall give to the other party not less than fifteen days notice of his intention so to do.'		*Provided that before either a licensee or a consumer applied to the Electrical Inspector under this sub-clause, he shall give to the other party not less than fifteen days notice of his intention so to do.*	
77	Clause VIII	**Supply for public lamps—** (1) Where after distributing mains have been laid down under the provision of Clause IV or Clause V and the supply of energy through those mains or any of them commenced a requisition is made by the Provincial Government or by a local authority requiring the licensee to supply for a period of not less than seven	Electrical Inspectors Conference 1928	In Sub-clause(1)substitute for the words "seven years" the words "three years".	It is considered desired to enable revision of rates, the same are not remunerative to a licensee.	**Supply for public lamps—** (1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced a requisition is made by the **State* Government or by a local authority requiring the licensee to supply for a period of not less than **three* years energy for any public lamps within the area of supply the licensee	

		years energy for any public lamps within the area of supply the licensee shall supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply, energy for such lamps in such quantities as the Provincial Government or the local authority, as the case may be, may require.				shall supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply, energy for such lamps in such quantities as the *State Government or the local authority, as the case may be, may require.
78		(2) The provisions of sub-clause (*b*) of the first proviso of sub-clauses (*c*) and (*d*) of the second proviso, and of the third and fourth provisos to sub-clause (1) and the provisions of sub-clauses (2) and (3) of Clause VI shall, so far as may be, apply to every case in which a requisition for the supply of energy is made under this clause as if the Provincial Government or local authority were an owner or occupier within the meaning of those provisions.	CEC .	In sub-clause (2) for the words 'sub-clause (*b*)' between the words 'provisions of' and of the first proviso' substitute the words 'sub-clauses(*b*)and (*c*).	This is consequential to the provisions in Sub-clauses(*b*) and (*c*) of first proviso to sub-clause (1) of Clause VI of the Schedule.	(2)The provision of sub-clauses(*b*) *and* (*c*) of the first proviso, of sub-clauses (*c*) and (*d*) of the second proviso, and of the third provisos to sub-clause (1) and the provisions of sub-clauses (2) and (3) of clause VI shall, so far as may be, apply to every case in which a requisitior for the supply of energy is made under this clause as if the *State Government or local authority were an owner or occupier within the meaning of those provisions.
79	NEW		Mr. Nadkarni Government of Bombay	Add a new Sub-clause (3) as under : '(3) *A licensee shall permit placing of mains and other equipment for the purpose of public lighting on his works and in the event of a dispute in this respect, he or the local authority may refer the matter for settlement by arbitration under Section 52 of this Act.*"	It has been reported that a certain licensee in Bombay State refused the local authority to run the street light ing mains and place lamps on his existing posts. Such a policy is considered very derogatory to progress. A provision has also been made to enable a licensee to seek arbitration in case he has valid grounds to prove that such a step would be harmful to his works or supply.	Same as under column No. 5.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
80	Clause IX	**Special provisions applying to supply by bulk licensees**—(*b*) such distributing-licensee shall, if required by the bulk-licensee so to do, enter into a written agreement to receive and pay for a supply of energy for a period of not less than seven years of such an amount that the payment to be made for the same at the rate of charge for the time being charged for such supply shall not be less than such an amount as will produce a reasonable return to the bulk-licensee on the outlay (excluding expenditure on generating plant then existing and any electric supply-line then laid down or placed) incurred by him in making provision for such supply.	CEC	In sub-clause (1) (*b*) for the words 'seven years ' substitute the words'three years' and substitute the words a return not exceeding 15 percentum per annum for words 'reasonable return'.	It is considered desirable to make the provision to enable the parties to alter the rates if considered desirable. The second proposal is only consequential proviso to sub-clause (1) of Clause VI of the Schedule.	**Special provisions applying to supply by bulk licensees**—(*b*) such distributing licensee shall, if required by the bulk licensee so to do, enter into a written agreement to receive and pay for a supply of energy for a period of not less than **three* years of such an amount that the payment to be made for the same at the rate of charge for the time being charged for such supply shall not be less than such an amount as will produce *a return not exceeding 15 percentum per annum* to the bulk-licensee on the outlay excluding expenditure on generating plant then existing and any electric supply-line then laid down or placed) incurred by him in making provision for such supply.	
81	Clause X Sub-clause (2)	**Methods of charging**— (2) Before commencing to supply energy through any ditributing main the licensee shall give notice, by public advertisement, of the method by which he proposes to charge for energy so supplied; and, where the licensee has given such notice, he shall not be entitled to change that method of charging without giving not less than one month's notice in writing of such	CEC	In sub-clause (2) insert the words 'and the State Electricity Board where such a Board has been constiuted and' between the words 'Provincial Government" and the words 'to the local authority'.	This is consequential to the provisions of the Electricity (Supply) Act, 1948.	**Methods of charging**— (2) Before conmencing to supply energy through any distributing main the licensee shall give notice, by public advertisement, of the methods by which he proposes to charge for energy so supplied; and where the licensee has given such nbtice he shall not be entitled to change that method of charging without giving not less than one month's notice	

		change to the Provincial Government, to the local authority (if any), concerned, and to every consumer of energy who is supplied by him from such distributing main.				in writing of such change to the **State Government and the State Electricity Board where such aboard has been constituted*, and; to the local authority (if any), concerned and to every consumer of energy who is supplied by him from such distributing main.
82	Clause XI	**Maximum Charges—** Save as provided by clause IX, sub-clause (3), the prices charged by the licensee for energy supplied by him shall not exceed the maxima fixed by his license, or in the case of a method of charge approved by the Provincial Government, such maxima as the Provincial Government shall fix on approving the method: Provided that, if, at any time after the expiration of seven years from the commencement of the license Provincial Government considers that the maxima so fixed or approved as aforesaid should be altered, it shall refer the matter to an advisory Board and, if the Board recommends any alternation, may make an order in accordance with such recommendation, which shall have effect from such date as may be mentioned therein. Provided, also that, where an order in pursuance of the foregoing proviso has been made, no further order altering the maxima fixed thereby shall be made until the expiration of another period of five years.	CEC	Repeal provisions of clause XI, relating to maximum charges.	Under the Sixth Schedule to the Electricity (Supply) Act a licensee is required to adjust his rates to earn a specified reasonable return, and sections, 57 and 58 of the Electricity (Supply) Act provide for control by the State Electricity Boards of the licensees activities in this connection. The provision of maximum charges in the licenses is considered contrary to the provisions above mentioned.	Repealed

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5	6	7	8
83	Clause XI. A	**Minimum Charges—** A licensee may charge a consumer a minimum charge for energy of such amount and determined in such manner as may be specified by his license, and such minimum charge shall be payable notwith standing that no energy has been used by the consumer during the period for which such minimum charge is made.	File No. A. 803/795 of 1942. (Govt. of Bombay) amended by CEC	Add the following proviso to clause XI-A : Provided that, if, at any time after the expiration of three years form the commencement of the license the State Electricity Board or where such a Board has not been constituted, State Government considers that the minima so fixed or approved as aforesaid should be altered it shall make an order for such alteration as it thinks fit and that order shall have effect from such date as may be mentioned therein: Provided also, that, where an order in pursuance of the foregoing proviso has been made no further order to alter the minima fixed thereby shall be made until the expiration of another period of three years.	Under Section 57 and 58 of the Electricity (Supply) Act, 1948, it is not clear whether a Rating Committee can alter the minimum charges.	XI-A. **Minimum charges—** A licensee may charge a consumer a minimum charge for energy of such amount and determined in such manner as may be specified by his license, and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer during the period for which such minimum charge is made: *Provided that, if, at any time after the expiration of three years from the commencement of the licensee the State Electricity Board or where such a Board has not been constituted, the State Government considers that the minima so fixed or approved as aforesaid should be altered, it shall make an order for such alteration as it thinks fit and that order shall have effect from such date as may be mentioned therein.* *Provided also, that where an order in pursuance of the foregoing proviso has been made, no further order to alter the minima fixed thereby shall be made until the expiration of another period of three years.*	

84.	Clause XIV	**Facilities for testing—** The licensee shall afford all facilities for inspection and testing of his works and for the reading, testing and inspection of his instruments, and may, on each occasion of the testing of his works or the reading, testing or inspection of any instruments, be represented by an agent, who may be present, but shall not interfere with the reading testing or inspecion.	Electrical Inspectors Conference 1928	After the words 'of his instruments' insert the words by an Electrical Inspetcor, or other duly authorised person or persons.	The clause does not mention the authority entitled to effect the tests provided for in this clause.	XIV. **Facilities for testing—** The licensee shall afford all facilities for inspection and testing of his works and for the reading, testing and inspection of his instruments *by an Electrical Inspector, or other duly authorised person or persons,* and may, on each occasion of the testing of his works or the reading, testing or inspection of any instruments, be represented by an agent, who may be present, but shall not interfere with the reading, testing or inspection.
85.	Clause XV	**Testing of works—** On the occasion of the testing of any works of the licensee by an Electric Inspector reasonable notice thereof shall be given to the licensee; and the testing shall be carried out at such suitable hours as in the opinion of the Electric Inspector, will least interfere with the supply of energy by the licensee, and in such manner as the Electric Inspector may think fit, ; but, except under the provisions of an order made in each case in that behalf by the Provincial Government, the Electric Inspector shall not be entitled to have access to, or interfere with, the works of the licensee at any points other than those at which the licensee himself has access to the same. Provided that the licensee shall not be held responsible for any interruption or irregularity in the supply of en-	CEC	Insert the words ' or other duly authorised person or persons' after the words 'Electric Inspector', wherever they occur.	This is consequential to the amendments to Clause XIV above.	**Testing of works—** On the occasion of the testing of any works of the licensee by an Electrical Inspector *or other duly authorised person or persons* reasonable notice thereof shall be given to the licensee ; and the testing shall be carried out at such suitable hours as in the opinion of the Electrical Inspector *or other duly authorised person or persons,* will least interfere with the supply of energy by the licensee and in such manner as the Electrical Inspector *or other duly authorised person or persons,* may think fit, but, except under the provision of an order made in each case in that behalf by the **State* Government, the Electrical Inspector *or other duly authorised person or persons* shall not be entitled to have access to or interfere with, the works of the licensee at any points other than those at which the licensee himself has access

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for the proposed amendment	Text of the section as amended	Remarks of the Advisory Board
1	2	3	4	5		7	8
		ergy which may be occasioned by, or required by the Electrical Inspector for the purpose of, any such testing as aforesaid. Provided, also, that the testing shall not be made in regard to any particular portion of the works oftener than once in any three months, unless in pursuance of an order made in each case in that behalf by the Provincial Government.				to the same : Provided that the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by , or required by the Electrical Inspector *or the other person or persons duly authorised by him*, for the purpose of, any such testing as aforesaid. Provided, also, that the testing shall not be made in regard to any particular portion of the works oftener than once in any three months, unless in pursuance of an order made in each case in that behalf by the **State* Government.	

ANNEXURE

To the Statement of the Proposed Amendments to the Indian Electricity Act, 1910, showing Proposed Amendments which have been Considered as Unnecessary and have not been incorporated.



Statement of the proposed amendments to the I. E. Act, 1910 which are considered as unnecessary and have not been incorporated.

Serial No.	Section No.	Text of the section as it exists	Name of the Proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
1	2(*e*) . .	**Definitions—** " distributing main " means the portion of any main with which a service-line is, or is intended to be, immediately connected.	Mr. Nadkarni Bombay.	Include the public lighting mains in the definition under sub-section (*e*) for distributing main.	The suggestion is intended to make it compulsory for licensee to maintain the street lighting mains. As street lighting agreements are to be dealt with as special agreements under provisions of Clause XII.	
2	2(*f*) . .	"electric supply-line" means a wire, conductor or other means used for conveying transmitting or distributing energy together with any casing coating covering, tube pipe or insulator enclosing, surrounding or supporting the same or any part thereof, of any apparatus connected therewith for the purpose of so conveying, transmitting or distributing such energy :	Gangadharia & Ferro.	Definition of service line to be amplified so as to make it clear that the term includes also posts, safety devices, stays lightning arrestors, pole fuses etc, cut-outs to be regarded as included in the term service line.	In view of the amendment of the definition of the term electric supply line.	
3	2(*l*)(*ii*) .	From a distributing main to a group of consumers on the same premises or on adjoining premises supplied from the same point of the distributing main.	Electrical Inspectors Conference, 1928	In sub-section (1) for the words 'or an adjoining premises supplied from the same point of the distributing main substitute the words 'when any service line is extended to serve five or more consumers on separate premises it then becomes a distributing main.	In view of the amendments proposed to the clause VI of the Schedule to the Act, whereby the cost of service line is now to be borne by a licensee.	
4	NEW .	. .	CEC u/o No. X.8101 dated 7-9-49	Add a new definition of the expression 'Fair Market Value '.	In view of the proposed amendments to Sections 5 and 7 of the Act.	
				Add a new definition of the expression 'reasonable return '.	In view of the proposed amendments to caluses V & VI of the Schedule to the Act.	
5	NEW		P.&T. Deptt.	Add the following new definition:— (*o*) "Wireless Telegraph Station " means a place where wireless Telegraph is established, maintained, and	The issues involved in the proposal are under the consideration of the standing Committee for coordination of power and Tele-communication sys-	

				worked by the Government. *N.B.*—This does not include Broadcast Receiving Stations and Amateur station. (*P*) "Wireless Telegraph Direction Finding Station" is a station provided with special apparatus intended to determine the direction of another station omitting wireless telegraph communication.	systems. It is understood that the Committee has not yet arrived at any conclusions.
6	3(1) . .	**Grant of licenses—** (1) The Provincial Government may, on application made in the prescribed form and on payment of the prescribed fee (if any,) grant to any person a license to supply. energy in any specified area, and also to lay down or place electric supply-lines for the conveyance and transmission of energy.	CEC	. In section 3(1) the word "persons' be substituted by "Corporation or board set up under orders of the Government, local authority, company or person."	Under section 3(39) of the General Clauses Act of 1897, "person includes any company or association of individuals whether incorporated or not".
7	3 . .	..	Government of India Board Sheets.	At the end of sub-section (1) add : The State Government when engaged in the business of supplying energy whether after purchase of undertaking under section 7, or otherwise, may exercise any power conferred upon a licensee by this Act or exerciseable by a licensee under this Act with the consent, authorisation or approval of or on giving notice to the State Government. Sections 19, 21 22, 23, 26 31-34 & 12(3) and Clauses VI, X, XII & VIII of the Schedules to the Act, should be made specifically applicable to State Government undertakings.	The Punjab Govenment reported that it had been held by a trial court that a Government could not grant a license to itself which renders the position of a Government undefined with regard to its powers and obligations as a licensee. However, the State Electricity Boards have been granted licenses and powers connected therewith, *vide* Section 26 of the Electricity (Supply) Act of 1948. Now that the amendment relating to the partime membership of S.E. Board has been accepted by the Union Parliament, any State could without any unwanted burden form a Board and act through thei r agency. The intention of the Electricity (Supply) Act being to conduct the activities inregard to electrical development through these boards, the provision

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
					if introduced will be inconsistent with the spirits of the Electricity (Supply) Act, 1948.	
8	3 2)(*a*)(*ii*) .	Until, in the case of an application for a license for an area including the whole or any part, of any cantonment, fortress, arsenal, dockyard or camp or any building or place in the occupation of the Government for naval or military purposes, the Provincial Government has ascertained that there is no objection to the grant of license on the part of the Engineer-in-Chief Army Headquarters, India.	Indian Chamber of Commerce, Calcutta (*vide* their letter dated 22-11-38).	Add follolwing proviso to sub-section 2(a)(ii) 'Provided further that no action shall be taken upon an objection by the State Government, unless the applicant is given an opportunity to meet the same".	The provision has been made appropritely in Rule 17 of the revised I.E. Rules.	
9	3(2)(*d*), .	a license under this Part—				
		(*i*) may prescribe such terms as to the limits within which, and the conditions under which, the supply, of energy is to be compulsory or permissive and as to the limits of price to be charged in respect of the supply of energy, and generally as to such matters as the Provincial Government may think fit. and (*ii*) save in cases in which under section 10, clause (*b*), the provisions of sections 5 and 7, or either of them, have been declared not to apply, every such license shall declare whether any generating station to be used in connection with the undertaking shall or shall not form part of the undertaking for the purpose of purchase under section 5 or section 7.	CEC	In Sub-section (2)(*d*) insert :— Shall incorporate the provisions of Sections 57 & 58 of the Electricity (Supply) Act, 1948, as the case may be.	The provision already exists in the Electricity (Supply) Act, 1948, and duplicate insertion is considered unnecessary.	

		..	Indian Chamber of Commerce Calcutta (vide their letter dated 22-11-38).	At the end of section 3 add 'Provided that in case a license is not granted the fee if paid shall be refunded to the applicant.	heProvision has been made an in amended form in Rule 11 (2) of the revised I.E. Rules
11	3 ..	..	CEC u/o No. X.8101 dated 7-9-49.	Should grant of licenses to local authorities be permitted in future and should provision be made to acquire compulsorily the undertakings of local authorities ?	Under the I.E. Act the powers for grant of licenses are vested in State Goveernments and it is only right that it should be left to the Government to decide whether a local authority is fit to take up or own an undertaking.
12	3	..	EI-II/Dy/1793 (E.C.).	Whether a State Government should be allowed to legislate on the provisions of the Indian Electricity Act inits application to its area, if not, how to provide for legislation already enacted by certain State Governments.	As per item 38 of list 3 of 7th Schedule to the Constitution of Indian Electricity appears as a concurrent subject. And as such the proposal is contrary to the powers already vested in the States.
13	3 ..	..	File EB 77/1 Policy Committee No.36 of the Government of India.	Provision to give power to the Centre to take over Electric undertakings if, Central control is considered necessary for interprovincial development.	The object underlying the proposal appears to provide for regional development. This has already been achieved by provisions under Sections 6 & 7 of the Electricity (Supply) Act of 1948. In exceptional cases the Union Government can always by an Act of the Parliament set up a semi-autonomous body or bodies for inter-state development.
14	3 ..	..	Electrical Inspectors' Conference 1928	Add a sub-section to the existing Sec. 3 "Every license granted under section 3 of the Act shall be worked under the supervision of a Chief Engineer who shall not have less than 5 years practical experience of working in an Electric supply undertaking."	The qualifications of the Engineer-in-Charge will be different for different undertakings depending upon the size of the undertaking. Under Subsection 3(2)(*d*) the State Governments are empowered to prescribed such a condition. In fact the Government of Bombay have already done so in a number of licenses.
15	4 (1) .	**Revocation or amendment of licenses.—** (1) The provincial Government, may, if in its opinion the public interest so	Indian Chamber of Commerce 22-11-48	After the words "so requires" and before the words "revoke a license" in the second line the following words should	Provision has been made for giving of a 2 months notice to a licensee and consideration of any cause shown by the

Serial No. 1	Section No. 2	Text of the section as it exists 3	Name of the Proposer 4	Proposed Amendment 5	Reason for considering the proposed amendment unnecessary 6	Remarks of the Advisory Board 7
		requires, revoke a license in any of the following cases, namely.		be added "and after making a thorough enquiry."	licensee against such an action. In the interest of continuity of supply the transfer of management should be effected at the earliest possible date in the event of a revocation of a license. The provision for enquiry is likely to cause delay and thus frustrate the object of the revocation.	
16	4(1)(*d*) .	Where the licensee is, in the opinion of the Provincial Government unable, by reason of his insolvency, fully and efficiently to discharge the duties and obligations imposd on him by his license.	Electrical Inspectors. Conference 1928.	Suitable provision to give the State Government power to enquire into the financial position of the licensees.	The power is implied in the clause II of the schedule to the 1910 Act, and Section 75(3) of the Elctricity (Supply) Act of 1948. The accounts would show the financial position at all times.	
17	4B NEW .		Sectional Note 6	Proposals to make further provisions in Section 4B. (*a*) to record reasons when taking action under Section 4B.	This being an emergency measure no reasons need be recorded.	
18	4B NEW .		Indian Chamber of Commerce 22-11-38.	Proposal to inlcude for proper care to maintain the management and accounts of the concern during the period of its working by the Government.	This is understood as a fundamental duty of the Government.	
19	5 . .		Deptt. of Labour Cir. No. 803 dated 22-8-38.	Where the State Government revokes the license of a licensee, not being a local authority, under Section 4, sub-Section (1), clause(*c*) serves a notice of revocation upon the licensee, on and with effect from the date on which such notice is served all the powers and liabilities of the licensee under this Act for the supply of energy shall absolutely cease and determine.	The provision was presumably made on the assumption that a licensee who fails to deposit security and execute works has nothing to sell or claim. The presumption would appear to be incorrect, as substantial expenditure is involved in securing a license and preparing the scheme and it would only be equitable to give him a chance to explain. It is most unlikely that a	

					licensee would allow a default of this nature without reasonable justification.
20		..	File No. EB. 77/1.	Provide a special section to cover the position which would arise where a revocation has been made under existing provisions but which has not taken full effect at the date of passing of the amendments of the 1910 Act.	A specific provision for this is not considered necessary.
21	5(2)*d* previously proposed in 1938	The purchase price of the undertaking for the purpose of any sale under clause (*b*) shall be a sum representing the value of all lands, buildings, works, materials and plant of the licensee suitable to and used by him for the purposes of the undertaking, other than a generating station declared by the license not to form part of the under taking for the purpose of purchase such value to be in case of difference or dispute determined by arbitration : Provided that the value of such lands, buildings, works materials and plant shall be deemed to be their fair market value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstances that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking, but without any addition inrespect of compulsory purchase or of good will or of any profits which may be or might have been made from the undertaking, or of any similar consideration.	Indian Chamber of Commerce 22-11-48.	In sub-section 2(*d*) the word "but" after the word "undertaking" should be deleted and further a proviso should be added : "The above made provision about addition in respect of compulsory purchase or of good will or of any profits which may be of good or might have made from the undertaking, shall not apply to the running concern."	This relates to the proposed draft in the Deptt. of Labour, Circular No. 803, dated 22-8-1938. In the view of the provisions of the sixth schedule to the Electricity (Supply) Act 1948, and proviso to sub-sec. 2 (*ii*) of Sec. 7 as now amended.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary
1	2	3	4	5	6
22	7(2)	**Purchase of undertaking—** Where— (*a*) the Local authority does not elect to purchase under sub-sec. (1), (*b*) the whole of the area of supply is not included in the area for which a single local authority is constituted, or (*c*) a licensee supplies energy from the same generating station to two or more areas of supply, each controlled by its own local authority, and has been granted a license in respect of each area of supply, the Provincial Government shall have the like option upon the like terms and conditions.	Deptt. of Labour Cir. No. 803, dt. 22-8-38.	In Sec. 7 of the said Act—for sub-sec. (2) the following shall be substituted, *viz.* (*a*) Where the local authority has not at least thirty months before the expiration, of any of the periods referred to in sub-sec. (1) obtained the previous sanction of the State Government to an election to purchase under that sub-section, or (*b*) the local authority, having obtained such sanction, does not, at least twenty seven months before the expiry of any of the periods referred to in sub-section (1), intimate to the State Government that it has elected to purchase under that sub-section, or (*c*) the whole of the area of supply is not included in the area for which a single local authority is constituted, (*d*) the licensee supplies energy from the same generating station to two or more areas of supply and has been granted a license in respect of each area of supply.	Under Section 71 of the Electricity (Supply) Act of 1948 the right and option to purchase has passed from the local authority to the State Electricity Board. Accordingly a prov ision on the lines of this proposal has been made to regulate the issue of notices for acquisition by the State Electricity Board.
23	7(4)	Not less than two years' notice in writing of any election to purchase under this section shall be served upon the licensee by the local authority or the Provincial Government, as the case may be.	Punjab Elec. (Amendment) Bill No. 7 of 1941.	In sub-section (4) of section 7 of I.E. Act 1910, for the words "two years" the words " one year" shall be substituted.	It is in the interest of the licensee as well as the purchaser that the licensee is appraised of the decision of Government to renew the license as early as possible as otherwise the licensees are not likely to take much interest in the development of the business at the fag end of the period of the license. Further it is desirable to give as much time as possible to the licensee to enable him to bring up his plant, books etc. to a proper order for purposes of expeditious settlement.

24	7		Electrical Inspectors Conference, 1928.	If a single authority has several licenses in adjoining areas under different local administration, the question of acquisition by local authority or the Government and that of submission of accounts separately for different licenses is not solved by the existing provision. A recommendation was made to provide that the undertakings should be indivisible, and where necessary, to protect local interests, the Act should provide for a joint Electricity Authority to be constituted to operate and carry on the undertaking.	It is presumed that the State Governments would consider this aspect during issue of licenses. Where any such position exists the State Government could make requisite adjustments under section 4 and or at the time of renewal of the licenses. This has already been done in the case of Calcutta Electric Supply Corporation.
25	8A New		CEC	Add a new Section 8A as under : " 8A—For the purposes of the licenses granted prior to the enforcement of amendments of sub-section (1)*d* of Section 5 and of sub-section (2) of section 7, the provisions thereof shall be in addition to and not in derogation of the provisions of sub-section (1) (*b*) of section 5 and proviso to sub-section (1) of section 7 of the I.E. Act 1910."	It is opined that in the case of licenses granted under the provisions of I.E. Act, 1910, it is legal as well as moral responsibility of the Government not to change the provisions of the terms of purchase. The licensees are likely to insist on this agrument, as done in the case of Madras (Acquisition) Act, in view of the present inflated market conditions. In view of the fact that it is the value of an indivisible asset as a whole rather than that of separaate items of plant and material constituting an undertaking, the expectation of a licensee to reap benefits of the present inflated prices of individual items would appear to be unreasonable and fallacious. It appears that not more than 20 per cent. of the licenses are due to expire in the next 10 years. It is unlikely that the existing inflated conditions will continue to exist till the claims of most of the licensees accrue in this connection. The formula now having been accepted as a correct principle of valuation of undertakings in the 4th Schedule to the Electricity (Supply) Act, 1948 is recommended to be maintained for all purposes

Serial No.	Section No.	Text of the section as it exists	Name of the Proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of th Advisory Board (add).
1	2	3	4	5	6	7
					in the interests of definiteness, simplicity, and uniformity.	
26	9(1)	Licensee not to purchase, or associate himself with, other licensed undertakings or transfer his undertaking. (1) The licensee shall not, at any time without the previous consent in writing of the Provincial Government, acquire by purchase or otherwise, the license or the undertaking of, or associate himself so far as the business of supplying energy is concerned with any person supplying or intending to supply energy under any other licence, and, before applying for such consent the licensee shall give not less than one month's notice of the application to every local authority, both in the licensee's area of supply, and also in the area or district in which such other person supplies or intents to supply energy.	Govt. of Sind 1938.	What is exactly meant by an association of interests under more than one license should be explained.	A reasonable doubt arises as to whether a permission is necessary in a case where a person managing a certain undertaking takes over the management of another licensee company. It is believed that such a restriction if envisaged in this expression is not conducive to progress. In the opinion of the Commission the permission of the State Government is conducive to the good management of the licensee company.	
27	..		Labour Deptt. u/o No.EB63 (1) dated 21-12-45.	Add a new sub-clause (*a*) to Sec. 9(1) on the following lines. The licensee shall not enter into any agreement for the lease of a generating station from any other person without the previous consent of the State Government.	The Provision is already covered by: (*a*) sub-sec.(2) of Section 9. (*b*) Section 56 of Electricity (Supply) Act, 1948.	
28	9(2)	The licensee shall not at any time assign his license or transfer his undertaking or any part thereof by sale, mortgage, lease, exchange or otherwise without the previous consent in writing of the Provincial Government.	CEC	Add a proviso to Sub-sec. (2). Provided that if the Government refuses to give such consent the question shall at the request of the licensee be determined as provided in sec. 52.	The proposal envisages an opportunity to a licensee to seek arbitration in a case where permission to transfer or sell an undertaking has been refused by the State Government. It is felt that such transfers if allowed freely, will lead to confusion. In a deserving case, however, the	

					licensee could apply for compulsory revocation under sec. 4(*i*) (*e*). In such a case the option to transfer under sec. (5) will firstly vest with the Board in accordance with the provisions of Sec. 5.
29	10	..	CEC	Add the following proviso to clause (*b*): "Provided that the conditions and restrictions shall not be inconsistent with the provisions of the Electricity (Supply) Act of 1948.	The Electricity (Supply) Act 1948 being a later enactment the provision is implied and does not require to be mentioned specifically.
30	10A New	..	Sectional Note 12 proposal by U.P.Govt.	Add a new section 10A. A licensee or non-licensee shall, if so required by the State Government create depreciation or reserve fund for the electric supply business, of which he is in charge, by setting aside annually from the revenue derived from the business such sums as the State Government may consider adequate, the amounts at the credit of such funds being invested in such easily realisable securities as have been approved by the State Government.	The intention was to ensure replacements and thereby continuity of supply in the event of a break down or even normal wearing out. In view of the Sixth Schedule to the Electrcity (Supply) Act 1948 the provision is now unnecessary.
31	11(l)	**Annual accounts of licensee.—** (1) Every licensee shall, unless expressly exempted from the liability by his license, or by order in writing of the Provincial Government, prepare and render to the Provincial Government or to such authority as the Provincial Government may appoint in this behalf on or before the prescribed date in each year, and annual statement of accounts of his undertaking made up to such date, in such form and containing such particulars as may be prescribed in this behalf.	CEC	Replace the existing sub-section (1) as under : (11) I Every licensee, State Electricity Department or other person supplying electricity for private or public purposes, or generating electricity for its or his own use shall, unless expressly prevented by order in writing of the State Government, repare or render to the State Government, or such authority as the State Government may appoint in this behalf, such accounts, statistics and returns relating to the generation supply and use of electricity as it may require and at such times and in such a form and manner as may be prescribed.	The amendment proposes to incorporate the provisions of Sec. 4 of the Electricity (Supply) Act, 1948, which empowers C.E.A. to get accounts, statistics and returns from all persons generating or supplying electricty whether for sale or their own use. As the additional information so ught to be got for S.E. Boards will be compiled and made available by C.E.A. separate provision will be tantamount to duplication of work.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5		7
32	11		Electrical Inspectors Conference, 1928.	Beyond the information contained on the forms as now prescribed in the rules, Government should have powers to obtain from a licensee any information dealing with the accounts, and in addition Government should have power to obtain a valuation of works and investments.	Not necessary in view of the provisions of the Electricity (Supply) Act, 1948.	
33	11	..	CEC	Incorporate the provision of the third schedule to the Act in a new sub-sec. to be known as sub-section (3) of section 11.	Unless it is decided to re-write the entire Act there is no need of break ing up the Schedule to the Act.	
34	11A New	..	CEC	Incorporate the provisions of the second Schedule to this Act in a new Section to be known as Sec. 11(A).		
35	11A New	..	CEC	Add the following sub Section to the new Sec. 11 A. (2) The auditor appointed under sub-section (1) shall be a person qualified under the provisions of section 144 of the Indian companies ' Act 1913 (VII of 1913) to act as an auditor of companies. (3) If the licensee is dissatisfied with any action taken by the State Government on the strength of the report of the auditor appointed under provisions of sub-sec. (1) the matter shall on default of agreement between the licensee and the State Government be determined as provided in Sec. 52.	The proposal was made in view of the provisions of the fourth Schedule to the Electricity (Supply) Act of 1948. As the Government have the power to appoint its own auditors and as these are not generally qualified in terms of the proposals it is not considered desirable to saddle Government with the restrictions in this respect.	
		..				
36	12(2)	**Provisions as to the opening and**	Poona Tenants	In sub-sec. (2) of Section 12 after the	The complaint is that the land-lords	

		breaking up of Streets, railways and Tramways.— Nothing contained in sub-section (1) shall be deemed to authorise or empower a licensee, without the consent of the local authority or of the owner and occupier concerned, as the case may be, to lay down or place any electric supply-line, or other work in, through or against any building, or on over or under any land not dedicated to public use whereon, wherever or whereunder any electric supply-line or work has not already been lawfully laid down or placed by such licensee : Provided that any support of an aerial line or any stay or strut required for the sole purpose of securing in position any support of an aerial line may be fixed on any building or land or, having been so fixed, may be altered, notwithstanding the objection of the owner or occupier of such building or land, if the District Magistrate or, in a Presidency town the Commissioner of Police by order in writing so directs : Provided, also, that, if at any time the owner or occupier of any building or land on which any such support, stay or strut has been fixed shows sufficient cause, the District Magistrate or, in a Presidency-town the Commissioner of Police may by order in writing direct any such support, stay or strut to be removed or altered.	Association File No. EL-II/213(3) of 1948.	words 'without the consent of the local authority or of the owner" delete the word "and" and substitute it by the word 'or'	even though they have electricity installed at their premises they deny this facility to their tenants even if they are prepared to lay lines at their own cost. It is believed that the suggestion interferes with the legal rights of an owner.
37	12		CEC	Redraft Sec. 12 on the lines of Sec. 22 of the British Electricity (Supply) Act of 1919 (as amended by the Electricity Act, 1947).	The procedure laid down in this section envisages, that (*i*) Consent of the owner and occupier is necessary in the case of taking over-head lines over lands	

Serial No.	Section No	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
					covered with buildings or used as pleasure grounds or for gardens. (*ii*) In other cases a licensee shall give 21 days notice to the owner or occupier of his intention to lay the lines, in the event of failure to arrive at reasonable settlement, the case could be taken to an authority, appointed by the Government for his decision. An important effect of such a practice will be that the works could be held up by unscrupulous owners or occupiers by indulging in unnecessary arguments. This could be a very great handicap to the licensee in the expeditious execution of his works. It is therefore, considered, desirable to maintain the provisions of the section 10 of the Indian Telegraph Act, as applicable under provisions of section 51, whereby a licensee could subject to certain consideration lay a line without the initial consent of the owner. An additional provision has, however, been incorporated in the new draft of Section 12 to exempt the areas covered with biulding pleasure gardens or peasure grounds from the opration unless approval of the owner and occupier has been obtained.	
38	12A	Provisions in regard to the traversing of private property by overhead electric lines or underground electric cables (refer CEC's file No. X8101 Part IV page 42).	CEC	Add a following sub-section to the new sec.12A as was proposed by Mr. K.G. Bell of the CEC regarding way-leave Problems. "(6) A licensee or his duly authorised representative or representatives		

				may at any reasonable time and on informing the occupier of his intention enter on the property under, over, along, across in or upon which the electric line or other works associated therewith been placed for the purposes of examining, reparing, altering or removing any electric line.	
39	13(1)(*B*)	**Notice of New Works.—** Where the works to be executed consist of the laying of any underground service-line immediately attached, or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be, not less than forty-eight hours' notice in writing of his intention to execute such works;	Indian Railway Conference letter No.E-12/30 dt.16-10-41 amended by CEC.	After the word 'laying' in line 1 of clause (*f*) of sub-section (1) insert the words—'over, under or through land dedicated to public use' and delete the words 'under ground'.	This has been suggested to increase the scope of its application to overhead lines. This is considered unnecessary in view of clause (*a*) of this sub-section.
40	13		Electrical Inspectors Conference 1928 as amended by CEC.	Add a new sub-section (4) as under: ('4) Notwithstanding anying hereinbefore contained in this Act the licensee shall not open and break up any soil and payment of anyof the public streets notified from time to time by the local authority, after approval of the State Government in the Gazette published by the local Government for a period of. six months from the date of completion of thorough repairs of each street by the local authority except in case of emergency due to break down of an underground supply line or other works'. Provided that the local authority shall, not less than one month before commencing repairs of such street give written notice to the licensee of their intention to undertake such repairs.	This has been introduced to provide for the breaking up of streets and pavements for the purpose of new works before major repairs thereof are undertaken. In the opinion of this Commission it is impracticable for a Government to notify from time to time the particulars of streets in various towns undergoing thorough repairs. On the other hand, a licensee could, in his own interest. keep himself informed of such programmes of the local authority.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
41	14(1)	**Alteration of pipes or wires.**— (1) Any licensee may alter the position of any pipe (not forming, in a case where the licensee is not a local authority, part of a local authority's main sewer), or of any wire under or over any place which he is authorised to open or break up, if such pipe or wire is likely to interfere with the exercise of his powers under this Act ; and any pe may alter the position of any electric supply-line or works of a licensee under or over any such place aforesaid, if such electric supply-line or works are likely to interfere with the lawful exercise of any powers vested in him.	Sectional Note No. XIV.	In sub-section (1) of Section 14 add the words' other obstructions ' to 'pipes and wires' wherever they occur.	Obstruction is a very wide term and could even incude a bridge, building or any other important structure.	
42	14(1)	Do.	U.P. Govt. *vide* Sectional Note No. 14.	Insert the following words at the end of sub-section (1) :— "Or if the alteration of the position of any such electric supply lines or works is, in the opinion of the Provincial Government necessary in the public interest."	Once a licensee has lawfully laid his lines he should not be penalised for acts of other persons. The State Government can always make provision for height of the lowest wires above, on tagia routes (if any) in the licences.	
43	17	..	P.& T. Department.	Substitute the following for section 17. (1) A licensee shall, before laying down or placing any electric supply line of low, medium or high pressure or any other work within— (*i*) ten yards of any telegraph or telephone line in the case of low pressure electric supply, (*ii*) one hundred yards of any telegraph or telephone line in the case of medium pressure electric supply,	The issues involved in the new draft are under consideration of the Standing Committee for coordination of Power and Telecommunication systems. It is understood that the Committee have not yet arrived at any conclusions.	

(*iii*) one mile of any telegraph or telephone line in case of high pressure electric supply,

(*iv*) five hundred yards of a wireless direction finding station in the case of low, medium or high pressure electric supply,

(*v*) one hundred yards of any other radio station in the case of low, medium or high pressure electric supply, give not less than ten days' notice with respect to item (*i*), thirty days' notice with respect to item (*ii*) and three months' notice with respect to items (*iii*), (*iv*) and (*v*) above to the Telegraph authority, specifying—

(*a*) the course of the works or alterations proposed,

(*b*) the manner in which the works are to be utilised,

(*c*) the amount and nature of the energy to be transmitted,

(*d*) the extent to and manner in which (if at all) earth returns are to be used, and

(*e*) such data as the telegraph authority may require to ascertain if any telegraph or telephone line or wireless telegraph is likely to be injuriously affected,

and the licensee shall conform with such reasonable requirements, either general or special, as may be laid down by the telegraph authority within that period for preventing any telegraph or telephone line or wireless telegraph from being injuriously affected by such works or alteration

Provided that such notice will not be necessary in the case of electric supply line for repair, removal or amendment of existing work of which the character or the position is not to be altered.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
43—*contd.*	17—*contd.*		P. & T. Department—*contd.*	Provided also that, in the case of emergency (which shall be stated by the licensee in writing to the telegraph authority) arising from defects in any of the electric supply lines or other works of the licensee, the licensee shall be required to give only such notice as may be possible after the necessity for the proposed new works or alterations has arisen. (2) The licensee shall not commence laying down or placing any electric supply line or other works as described in paragraph (1) without previous obtaining the consent of the telegraph authority in writing. (3) Where the works to be executed consist of the laying or placing of any service-line, the licensee shall, not less than forty-eight hours before commencing the work, serve upon the telegraph authority a notice in writing of his intention to execute such works.		
44	18(3)	**Aerial Lines.—** Where any tree standing or lying near an aerial line, or where any structure or other object which has been placed or has fallen near an aerial line subsequently to the placing of such line, interrupts or interferes with, or is likely to interrupt or interfere with, the conveyance or transmission of energy or the accessibility of any works, a Magistrate of the first class or, in a Presidency-town the Commissioner of Police may on	Electrical Inspectors Conference 1928	Power for ordering removal of trees or other objects interfering with conveyance of energy rests in Magistrate of 1st class and in the case of a Presidency town in a Commissioner of Police. Suitable provision is sought to be made for specifying such authority in cantonments.	In the opinion of this Commission the existing provisions cover the need advocated in this proposal.	

		the application of the licensee, cause the tree, structure or object to be removed or otherwise dealt with as he thinks fit.			
45	18		CEC.	A provision be made to make it incumbent on persons desiring to fell trees or to demolish buildings or structures close to electric lines or works, to give notice thereof to the licensee to enable him to take precautions to prevent damage to his works, and for the payment of cost thereof to the licensee.	The provisions in Section 46 are considered adequate.
46	19(1)	**Compensation for damage.**— A licensee shall in exercise of any of the powers conferred by or under this Act, cause as little damage, detriment and inconvenience as may be, and shall make full compensation for any damage, detriment or inconvenience caused by him or by any one employed by him.	Electrical Inspectors Conference 1928.	After the word Licensee add :— "Sanction holder under Section 28".	In view of the provision existing in Section 29.
47	19A	**Point where supply is delivered.**— For the purposes of this Act, the point at which the supply of energy by a licensee to a consumer shall be deemed to commence shall be determined in such manner as may be prescribed.	Former Govt. of Sind.	Definition of the point of commencement of supply to be made more precise.	As this relates to the I.E. Rules and not the Act.
48	21(2)	**Restrictions on licensee's controlling or interfering with use of energy.**—Subject to the provisions of sub-section (1), a licensee may, with the previous sanction of the Provincial Government given after consulting the local authority where the licensee is not the local authority, make conditions not inconsistent with this Act or with his license or with any rules made under this Act, to regulate his relations with persons	Electrical Inspectors Conference 1928.	To provide that (*i*) rates should form a part of the conditions. (*ii*) the conditions should contain in a clause that the specified rates for energy may be amended by the licensee within the limits of his license after giving one month's notice in writing to each consumer and also to the Government.	In view of provisions of sections 57,) and 58 of the Electricity (Suppy) Act, 1948, and the Sixth Schedule thereto.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
		who are or intend to become consumers, and may with the like sanction given after the like consultation add to or alter or amend any such conditions; and any conditions made by a licensee without such sanction shall be null and void : Provided that any such conditions made before the 23rd day of January 1922 shall, if s anctioned by the Provincial Government on a application made by the licensee before such date as the Provincial Government may by general or special order, fix in this behalf, be deemed to have been made in accordance with the provisions of this sub-section.				
49	23		Federation of Indian Chamber of Commerce and Industry File No. A. 803.	Make a legal provision that 15% of the total energy consumed by an industrial concern for lights and fans be charged at motive power rates.	It is stated that the Indian Factories Act,1934 and the rules framed thereunder have cast statutory obligation on owners of factories to equip them with minimum lights and fans and other necessary sanitary installations. It appears that a provision to this effect was made by the Chief Commissioner Delhi in the license of D.C.E.P.A. under provisions of clause (*d*) of sub-section (2) of section 3. In the opinion of this Commission such a matter should find place in the licensees or the conditions of supply sanctioned by the State Governments under section 21.	
50	23		W.M.P. File No. E.B. 77(1) and CEC File No. X. 8132 Part I	Add new sections 23A and 23B to incorporate the provisions of sections 57 and 58 of the Electricity (Supply) Act, 1948.	In view of sub-section (3) of section 1 of the Electricity (Supply) Act 1948, whereunder the sections 57 and 58 are already in force.	

	23		CEC.	Make a provision to incorporate the provisions of sections 57 and 58 of the Electricity (Supply) Act, 1948, in license of every licensee.	Do.
51	24 (2)	**Discontinuance of supply to consumer neglecting to pay charge**:— Where any difference or dispute has been referred under this Act to an Electric Inspector before notice as aforesaid has been given by the licensee, the licensee shall not exercise the powers conferred by this section until the Inspector has given his decision.	Mr. Nadkarni of Bombay *vide* letter dated 5-4-49.	In sub-section (2) the words ' where any difference or dispute has been referred under this Act to an Electrical Inspector is stated as misunderstood as relating to any matter referred by a consumer to an electrical inspector. It is suggested to make an amendment to remove this misunderstanding.	As this refers clearly to notice aforesaid. *e.g.*, that referred to in sub-section (1).
52	26 (2)	**Meters.**— Where the consumer so enters into an agreement for the hire of a mete the licensee shall keep the. meter correct, and, in default of his doing so, the consumer shall, for so long as the default continues, cease to be liable to pay for the hire of the meter.	Gangadharia & Ferro.	The definition of the term correct meter should be made precise.	This has been provided for under the I.E. Rule 32 (Proposed I.E.Rule 54).
53	26 (5)	A consumer shall not connect any meter referred to in sub-section (I) with any electric supply-line through which energy is supplied by a licensee, or disconnect the same from any such electric supply line, without giving to the licensee not less than forty eight hours notice in writing of his intention.	Sir James	For sub-section (5) substitute the following:— "Where any meter referred to in sub-section(I)is the property of consumer, he shall not connect it with any electric supply line through which energy is supplied by a licensee or disconnect the same from any such electric supply line without giving the licensee not less than 48 hours notice in writing of his intention."	In the opinion of this Commission the electric meter being a cash box of a licensee, under no circumstances should a consumer allowed to disturb the seals thereon. Accordingly, the amendment proposed has been made definite in this respect.
54	26 (5)	Do.	Sectional Note No. 15	Amend rules 31 and 122 of the I.E. Rules 1937 to retain the power vested in sub-section (5) unhampered to remove the inconsistencies existing between the section and the rules.	Do.
55	28	....	CEC	Add a new sub-section (3) as under:— The sanction holder shall be deemed to have the rights and obligations of a licensee, as provided for in the I. E.	The proposal has been rejected as sanction under section 28 is normally given to those persons whose main business is other than that of electri-

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
				Act 1910. the Electricity (Supply) Act 1948, the I.E. Rules, except in so far as exempted from operation thereof by the State Government by a Gazette Notification.	city supply and it is not considered desirable to saddle them with all the obligations as it would hamper progress.	
56	29 ..	Power for non-Licensees to break up streets:— (1) The local authority may, by order in writing confer and impose upon any person, who has obtained the sanction of the Provincial Government under Section 28 to engage in the business of supplying every, all or any of the powers and liabilities of a licensee under section 12 to 19, both inclusive, and the provisions of the said section shall there upon apply as if such person were a licensee under part II. (2) A local authority, not being a licensee, shall, for the purpose of lighting any street, have the powers and be subject to the liabilities respectively conferred and imposed by sections 12 to 19, both inclusive, so far as applicable, as if it were a licensee under Part II. (3) In cases other than those for which provision is made by sub-section(1), the person responsible for the repair of any street may, by order in writing, confer and impose upon any person who proposes to transmit energy in such street all or any of the powers and liabilities of a licensee under sections 12 to 19 (both inclusive), in so far as the same relate to:	CEC	Repeal section 29; this proposal is subject to the acceptance of the proposal for the addition of a new sub-section (3) to section 28 referred to in serial No. 55 above.	This is consequential to the rejection of the proposal in question.	

		(*a*) opening or breaking up of the soil or pavement of such street, or (*b*) laying down or placing electric supply lines in, under, along or across such street, or (*c*) repairing, altering removing such electric supply-lines, and thereupon the provisions of the said section shall, so far as aforesaid, apply to such person as if he were a licensee under Part II.			
57	30(1)	(4) If no order is made within fourteen days after the receipt of an application for the same under sub-section (1) or sub-section (3) the order so applied for shall be deemed to have been refused, and every order and every refusal to make an order, under sub-section (1) or sub-section (3), shall be subject to revision by the Provincial Government. Control of transmission and use of energy— (1) No person, other than a licensee duly authorised under the terms of this license, shall transmit or use energy at a rate exceeding two hundred and fifty watts,—	Government of Bombay Sectional Note No. 7.	The District Magistrate or the Commissioner of Police as the case may be, be empowered to condone the lack of seven days notice in special cases.	Seven days obviously provided for to enable the Electrical Inspector to make arrangements for inspection if considered necessary by him. Such a power therefore if at all considered necessary should be delegated to the Inspector. This however is not considered desirable.
		(*a*) in any street, or (*b*) in any place, (*i*) in which one hundred or more persons are likely ordinarily to be assembled, or (*ii*) which is a factory within the meaning of the Indian Factories, Act, 1911 (II of 1911), or, (*iii*) which is a mine within the meaning of the Indian Mines Act, 1901 (VII of 1901), or (*iv*) to which the Provincial Government by general or special order, declares the provisions of this sub-	Government of Bombay Sectional Note No. 7.		

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
		section to apply, without giving not less than seven clear days' notice in writing of his intention to the District Magistrate or, in a Presidency-town, to the Commissioner of Police, and complying with such of the provisions of Part IV, and of the rules made thereunder, as may be applicable: Provided that nothing in this section shall apply to energy used for the public carriage of passengers, animals or goods on, or for the lighting or ventilation of the rolling-stock of any railway or tramway subject to the provisions of the Indian Railways Act, 1890 (IX of 1890) : Provided also, that the Provincial Government may, by general or special order and subject to such conditions and restrictions as may be specified therein exempt from the application of this section or of any such provision or rule as aforesaid any person or class of persons using energy on premises upon or in connection with which it is generated, or using energy supplied under Part II in any place specified in clause (*b*)				
58	31		Indian Railway Conference letter No. E. 12/30 dt. 16-10-41.	At the end of the section add : ' Nothing in parts II and III of this Act shall authorise the doing of any thing or to any works, lands or buildings vested in, or in possession of (His Majesty for the purpose of) the Central Government without the consent of that Government or the doing of any thing on or to any works, lands or buildings vested in or in possession of His Majesty for the	The proposal seeks to withdraw the rights of the licensee; the proposal is therefore inequitable. Adequate safeguards are already provided for in individual cases wherever necessary. The provision is therefore unnecessary.	

				purpose of a province without the consent of the Provincial Government.	
59	32	Protection of telegraphic, telephonic and electric-signalling lines— (1) Every person generating transmitting, supplying or using energy (hereinafter in this section referred to as the "operator") shall take all reasonable precautions in constructing, laying down and placing his electric supply lines and other works and in working his system, so as not injuriously to affect, whether by induction or otherwise, the working of any wire or line used for the purpose of telegraphic, telephonic or electric-signalling communication, or the currents in such wire or line. (2) Where any difference or dispute arises between the operator and the Telegraph-authority as to whether the operator has constructed, laid down or placed his electric supply-lines or other works, or worked his system, in contravention of sub-section (1), or as to whether the working of any wire, line or current is or is not injuriously affected thereby, the matter shall be referred to the Central Government; and the Central Government, unless it is of the opinion that the wire or line has been placed in unreasonable proximity to the electric-supply-lines or works of the operator after the construction of such lines or works, may direct the operator to make such alterations in, or additions to, his system as may be necessary in order to comply with the provisions of this section, and the operator shall make such	P. & T Deptt.	Substitute the following for Section 32: Every person generating, transmitting, supplying or using energy (hereinafter is this section referred to as the "operator") shall take all reasonable precautions in constructing, laying down, and placing his electric supply lines or other works and in working his system so as not injuriously to affect whether by induction or otherwise, the working of any Wireless Telegraph, or the working of Telegraph in any line, wire, or cable. (2) An accidental short circuit on any two phases of a polyphase electric supply line with an insulated neutral, or an accidental earth fault occurring or any one phase of a polyphase or a single phase electric supply line (over-head or underground) with earthed neutral, shall not induce even momentarily a dangerously high voltage in any neighbouring line, wire or cable used for the purpose of telegraphic, telephonic, electric signalling or wireless communication nor shall an electric supply line under normal working conditions induce voltages in the neighbouring communication circuit so high as to cause any noise interference to Telegraph or Wireless Telegraph communication. To satisfy these conditions, the telegraph authority is empowered, in any particular instance, to specify the separating distance that should be maintained between the electric	The issues involved in the new draft are under consideration of the Standing Committee for co-ordination of Power and Tele-communication Systems. It is understood that the Committee have not yet arrived at any conclusions.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
59—*contd.*	32	alterations or additions accordingly : Provided that nothing in this sub-section shall apply to the repair, renewal or amendment of any electric supply-line so long as the course of the electric supply-line and the amount and nature of the energy transmitted thereby are not altered. (3) Where the operator makes default in complying with the requirements of his section, he shall make full compensation for any loss or damage incurred by reason thereof, and, where any difference or dispute arises as to the amount of such compensation, the matter shall be determined by arbitration. *Explanation.*—For the purposes of this section, a telegraph-line shall be deemed to be injuriously affected if telegraphic, telephonic or electric signalling communication by means of such line is, whether through induction or otherwise, prejudicially interfered with an electric supply-line or work or by any use made thereof.	P &T. Deptt.	supply line and telegraph circuits or Wireless telegraph and/or the maximum fault current for the electric supply-line that can be allowed to flow through the earth. (3) Where any difference or dispute arises between the operator and the telegraph authority at the time when the operator plans to construct, lay down or place his electric supply-lines or other works or work his system in contravention of sub-section (1) and/or (2) or as to whether the working of a Wireless telegraph or the working of a telegraph in any line, wire or cable, is or is not injuriously affected thereby, the matter shall be referred to the Central Government and the Central Government after the investigation of the case, may, if necessary, direct the operator to erect the electric supply lines or other works at a safe distance and/or make such alterations in, or addition to, his system as may be necessary in order to comply with the provisions of this section and the operator shall erect the electric supply-lines or other works and/or make such alterations or additions accordingly. Provided that nothing in this section shall apply to the repair, renewal, or amendment of any electric supply-line so long as the course of the electric supply-line and the amount and nature of the energy transmitted thereby and the connection or interconnection of each distinct system are not altered.		

(4) If it is brought to the notice of the Central Government by the Telegraph authority that in his opinion the working of any wireless telegraph or the working of a telegraph line, wire or cable, in the vicinity of any electric supply line or other works which are already existing, is being injuriously affected, the Union Government, after a full investigation of the case, may, if necessary, direct the operator to remove within a period of two years, the electric supply line or other works to a specified safe distance and/or make such alterations in, additions to, the electric supply system as may be necessary or direct the telegraph authority to shift the Wireless Telegraph or telegraph line, wire or cable to a specified distance or make such alterations to the Wireless Telegraph or telegraph line, wire or cable as may be necessary, whichever is more feasible and less costly in order to comply with provisions of this section. The expenditure incurred in making such shifts or alterations shall be borne by the party whose lines, station or works were erected last. This provision for the removal of alteration of lines, stations or works shall also be made applicable where changes in the conditions of transmission or use of energy on the Power lines result in a Wireless Telegraph or a line, wire, or cable being injuriously affected but in such cases the cost will be borne by the operator.

(5) If any wireless telegraph line, wire, or cable situated within one mile of any portion of any electric supply line or other works is injuriously affected and the telegraph authority is of opinion that such injurious affec-

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
				tion is or may be due to an operator's works or the working of his system an official appointed by the telegraph authority may, at all times when electrical energy is being generated by the operator, enter any of the operator's work for the purpose of inspecting operator's plant and the working of the same, and the operation shall, in the presence of the person appointed by the telegraph authority, make any electrical tests requested by the telegraph authority and shall produce for the inspection of the telegraph authority the records kept by the operator. (6) If a wireless telegraph or a telegraph line, wire, or cable situated within one mile of any electric supply-line or other works, be injuriously affected and the telegraph authority is unable to ascertain whether such injurious affection is caused by the operator or some other source, the telegraph authority may give notice to the operator requesting him to make at such times as may be specified such experiments (by working his generating stations or working any part of his system or by stopping the current generated at such times as would not unduly interfere with the operation of the Power Supply System) as the telegraph authority may deem necessary to enable the cause and nature of disturbance to be ascertained and such tests shall be carried out by the operator as and when required by the telegraph authority.		

				(7)Where the operator make default is complying with the requirements of this section, he shall make full compensation for any loss or damage incurred by reason thereof, and where any difference or dispute arises as to the amount of such compensation, the matter shall be determined by the arbitration. *Explanation.*—For the purpose of this section a wireless telegraph or a telegraph line, wire, or cable shall be decided to be injuriously affected if the working of the said wireless telegraph or telegraph line, wire, or cable is whether through induction or otherwise, prejudicially interfered with by an electric supply line or works or the working therefore.		
60	36(1) and 36(2)	**Appointment of Electric Inspectors.—** (1) The Central Government may, by notification in the official Gazette, appoint duly qualified persons to be Electric Inspectors, and every Electric Inspector so appointed shall in relation to mines oil-fields and railways exercise the powers and perform the functions of an Electric Inspector under this Act within such areas and subject to such restrictions as the Provincial Government may direct. (2) The Provincial Government may, by notification in the official Gazette, appoint duly qualified persons to be Electric Inspectors within such areas as may be assigned to them respectively ; and every Inspector so appointed shall except in relation to mines, oil-	Government of Bombay File No. A. 803/647;1945.	To provide for the appointment of Chief Electrical Inspectors and demarcate the functions of Chief Electrical Inspectors and Electrical Inspectors by making suitable amendment to the I. E. Rules 2(1), 4, 8, 10, 27, 58(*h*), 63, 64(1), 66, 70, 71, 73, 77, 93, 116 and 118	It has been advocated that in major provinces, where the work for an Electrical Inspector is extensive and extends greater responsibility, there should be distinction in the designation and powers of such Inspectors. As the development in some of the provinces is not enough to necessitate the employment of a senior officer for the work, it is not advisable to make a provision in the act at this stage. It is open to the various States to grant better terms, status or powers to their Inspectors if they think fit.	

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
		fields and railways exercise the powers and perform the functions of an Electric Inspector under this Act subject to such restrictions as the Provincial Government may direct.				
61	36 (1) and 36(2).	Refer to Serial No. 60. . .	CEC	Provisions be altered to provide for carrying on the work of Electrical Inspectors through a Department of the Union Government which should establish its own branches for this purpose all over the country, and to make suitable provisions to see that the duties of Electrical Inspectors do not clash with those of the State Government.	Under the Electricity (Supply) Act 1948 the work of electrical development is assigned to the State Governments through the State Electricity Boards. As the work of the Electrical Inspectors hereafter will be restricted to ensuring compliance with the safety rules enquiries in regard to accidents etc., this work could profitably be carried out by an independent agency. The proposal is based on the practice prevailing in this regard in the Railways. A centrally administered Inspectorate, will not only be more independent but will form an essential link between the Electrical Departments of States and the Centre. This would also enable the inter state transfer of the Electrical Inspectors resulting in efficiency which is not possible under the existing arrangement. The proposal has not been incorporated because :— (a) This requires creation of a Central cadre of Electrical Inspectors which at present does not exist. (*b*) The expenditure for this work is at present borne by the State Governments and unless they agree to pay the Union Government for the service, the work cannot be taken over by the Union Government.	

exists.

62	39	**Theft of energy.**—Whoever dishonestly abstracts, consumes, or uses any energy shall be deemed to have committed theft within the meaning of the Indian Penal Code (XLV of 1860) ; and the existence of artificial means for abstraction shall be prima facie evidence of such dishonest abstraction.	Electrical Inspectors Conference 1928	It was advocated that under the existing provisions there was difficulty in obtaining convictions for undoubted cases of theft, and that the same should be revised to be made more effective than that at present.	The existing provisions are considered clear and adequate.
63	47	**Penalty for affences not otherwise provided for.—** Whoever in any case not already provided for by sections 39 to 46 (both inclusive) makes default in complying with any of the provisions of this Act, or with any order issued under it, or in the case of a licensee, with any of the conditions of his license, shall be punishable with fine which may extend to one hundred rupees, and, in the case of a continuing default, with a daily fine which may extend to twenty rupees. Provided that, where a person has made default in complying with any of the provisions of sections 13, 14, 15, 17 and 32, as the case may be, he shall not be so punishable if the Court is of opinion that the case was one of emergency and that the offender complied with the said provisions as far as was reasonable in the circumstances.	Gangadhara and Ferrio.	Penalty to be provided for a break of the rules generally	As this is already provided for by the C. E. B. in the Indian Electricity Rules 1937 under the powers vested in them vide Section 38 of the Act.
64	54	**Recovery of sums recoverable under certain provisions of Act.—** Every sum declared to be recoverable be section 5, cluase (*f*), section 6, sub-section (2), section 14, sub-section (2), clause (*h*), section 16, sub section (2) section 18, sub-section (2) or sub-section (4), or section 26, sub-section(4),and every fee leviable under this Act, may be recovered, on application to a Magistrate having jurisdiction where the person liable to pay the same if for the time being resident, by the distress and sale of any movable property belonging to such person.	Gangadharia and Ferro.	It should be made clear whether a Magistrate has power to go to the question of legality of the amount to be recovered.	The Magistrate being an Executive Authority and not a Civil Court.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
65	57(2) ..	**Amendments of the Land Acquisition Act 1894.—** The Provincial Government may, if it thinks fit, one the application of any person, not being a company desirous of obtaining any land for the purposes of his undertaking direct that may acquire such land under the povisions of the Land Acquisition Act, 1894 (I of 1894), in the same manner and on the same conditions as it might be acquired if the person were a company.	Electrical Inspectors Conference 1928.	At the end of sub-section (2) add a proviso as under:— Provided that no condition made shall be contrary to the terms of the license granted under section 3 (1) of the IE Act.	In a case the terms under which the land was granted to a supply company were contrary to the provisions of the license in as much as the time for giving a supply of energy was antedated as one of the terms under which the land was permitted to be occupied. In the opinion of this Commission the insertion if made will lead to commitments on the part of Government which could be abused by licensees.	
66	Clause II	**Audit of accounts of licensee not being local authority.—** (*a*) The annual statement of accounts of the undertkaing shall, before being rendered under section 11 of the Indian Electricity Act, 1910 be examined and audited by such person as the Provincial Government may appoint or approve in this behalf, and the remuneration of the auditor shall be such as the Provincial Government may direct and his remuneration and all expenses incurred by him in or about the execution of his duties to such an amount as Provincial Government shall approve, shall be paid by the licensee on demand.	U.P. Government (Sectional Note No. 13.)	To make a provision for appointment of Examiners of Accounts by the Government for examining the accounts of licensees, with added powers to enable through examination thereof.	As the State Government already has powers to appoint its own auditors and to direct the manner in which the audit should be conducted.	
67	Clause II	(*a*) Do.	CEC File No. X 8101 Part II.	Whether the Schedule should be amended so as to take away the powers now vested in State Governments to appoint or approve auditors for the licensee.	As this will eliminate the only provision that enables a Government to see that the accounts of the licensee are properly maintained	
68	Clause II	(*a*) Refer Serial No. 66	CEC File No. X. 8101 & Ministry of Law.	That the auditors appointed or approved by the Government should be Chartered accountants within the meaning of the Chartered Accountancy Act, 1949.	It is advocated that definite qualifications and regulations for professional conduct should be laid down in the interest of efficiency and to enable provisions to deal with acts of misconduct.	

					As the power for appointment has been vested in the State Government to appoint its own Auditors and most of the Government Auditors do not possess the qualifications mentioned above. In the case of the Government approving private practising Auditors, they could select persons with the qualification proposed. In the case of appointment of Government Departmental Auditors, Government could take departmental action in the event of misconduct.	
69	Clause II		Electrical Inspectors Conference 1928	To provide for consolidation of accounts where a single authority has several licenses for operation in the same area.	A provision in the Act is not considered desirable as it might interfere with the working of individual licenses. A State Government, however, could make the proposed provision in licenses under Section 4, if so required.	
70	Clause VI (1)	**Requisition for supply to owners or occupiers in vicinity.—** (*b*) If required by the licensee so to do pays to the licensee the cost of so much of any service-line as may be laid down or placed for the purposes of the supply upon the property in respect of which the requisition is made, and of so much of any service-line as it may be necessary for the said purposes to lay down or place beyond one hundered feet from the licensee's distributing main, although not on that property :	Electrical Inspectors Conference 1928	Suggest a provision to enable refund to consumers of the cost of a service line in case and where the same is used to give supply to five or more consumers.	In view of the amendments proposed to sub-clause(1).	
71	Clause VI (1)	Do.	Governments of Bihar, U.P. and Orissa.	Suggest a provision for payment back to an original consumer, who has once paid for the service line the cost of the service line as paid for by the consumer, or the depreciated cost thereof.	In view of the amendments proposed to the first proviso to sub-clause (1) and those to sub-clause(2)	
72	Clause VI (1).	Do.	File No. S. (601) of 1936	Provision be made that: (*a*) the cost of laying out service connec-	In view of the provisions of amendments	

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
				tions should be properly debited to Capital Account, and (*b*) the recoveries made from Commission account of the cost of service line be treated as miscellaneous receipts pertaining to revenue accounts.	proposed to sub-clause (1) and those in the Sixth Schedule to the Electricity (Supply) Act, 1948	
73	Clause VI (1).	Provided secondly that the licensee shall be entitled to discontinue such supply— (*a*) If the owner or occupierof the property to which the supply is made has not already given security, or if any security given by him has become invalid or insufficient, and such owner or occupier fails to furnish security or to make up the original security to a sufficient amount as the case may be, within seven days, after the service upon him of notice from the licensee requiring him so to do, or (*b*) If the owner or occupier of the property to which the supply is made adopts, any appliance, or uses the energy supplied to him by the licensee for any purposes, or deals with it in any manner, so as unduly or improperly to interfere with the efficient supply of energy to any other person by the licensee, or (*c*) if the electric wires, fittings, works and apparatus in such property are not in good order and condition, and are consequenlty likely to affect injuriously the use of energy by the licensee, or by other persons, or (*d*) if the owner or occupier makes any alterations of, or additions to, any elec-	C.E.C.	Suggest a provision in the second proviso to sub-clause (1) to enable a licensee to disconnect the supply to a consumer if the seals of meters and or cut outs are found tempered with.	Penalty for breaking a seal is provided for under Rule 122 of the I.E. Rules 1937. The additional provision, if made is likely to be abused by the licensee's employees.	

		tric wires, fittings, works or apparatus within such property as aforesaid, and does not notify the same to the licensee before the same are connected to the source of supply, with a view to their being examined and tested: but the licensee shall reconnect the supply with all reasonable speed on the cessation of the act or default or both, as the case may be, which entitled him to discontinue it.			
74	Clause VI (1)	Provided, fourthly, that if any requisition is made for asupply of energy and the licensee can prove to the satisfaction of an Electric Inspector.— (*a*) that the nearest distributing main is already loaded up to its full current carrying capacity, or (*b*) that, in case of a larger amount of current being transmitted by it, the loss of pressure will seriously affect the efficiency of the supply to other consumers in the vicinity, the licensee may refuse to accede to the requisition for such reasonable period, not exceeding six months, as such Inspector may think sufficient for the purpose of amending the distributing main or laying down or placing a further distributing main.	Electrical Inspectors Conference 1928	Delete the words "not exceeding six months" from paragraph (*b*) of fourth proviso to sub- clause(1).	The suggestion was made to vest entire discretion in this respect in the Electrical Inspector. In the opinion of this Commission, however, it is necessary to provide for some limitation in this respect.
75	Clause VI (2)	Any service-line laid for the purpose of supply in pursuance of a requisition under sub-clause (1) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition, be maintained by the licensee.	Darjeeling & Dacca Undertakings.	Suggest a provision to enable a licensee to levy charge for maintenance of service lines where they are so long as to be unproductive in the sense of failing to give reasonable return to the licensee.	In view of the amendments proposed to the first proviso to sub-clause (1).
76	Clause VII	**Further provisions as to laying of service-lines.—** The licensee shall, before commencing to lay down or place a service-line, in any street in which a distributing main has not already been laid down or placed, serve upon the local authority (ifany)and upon the owner or occupier of all premises abutting on so much of the street as lies between the points of	Electrical Inspectors' Conference 1928.	Add a proviso to the Clause as under : "Provided that if the owners or occupiers of the premises for which the service-line is to be laid down or placed notifies the licensee in writing that he does not wish to avail himself of the provisions of this clause, the licensee may proceed to lay down or place the service line without serving the notice as	In view ofthe amendments proposed to sub-clause (1) of ClauseV

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessay	Remarks of the Advisory Board
1	2	3	4	5	6	7
76	Clause VII —*contd.*	origin and termination of the service-line so to be laid down or placed, twenty-one day's notice stating that the licensee intends to lay down or place a service-line and intimating that, if within the said period the local authority or any five or more of such owners or occupiers require, in accordance with the provisions of the license, that a supply shall be given for any public lamps or to their premises as the case may be, the necessary distributing main will be laid down or placed by the licensee at the same time as the service-line.		provided in this clause", also in the last line the words "in place of" be substituted for the words "at the same time as",.		
77	Clause VIII(I).	**Supply of Public lamps.—** (1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced a requisition is made by the Provincial Government or by a local authority requiring the licensee to supply for a period of not less than seven years energy for any public lamps within the area of supply the licensee shall supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply, energy for such lamps in such quantities as the Provincial Government or the local authority, as the case may be, may require.	Electrical Inspectors' Conference, 1928.	Add a proviso or sub-clause to provide for reasonable return to the licensee as provided for in the first proviso of sub-clause (1) of Clause VI.	As also 'provided for in Clause XII the intention of this Clause is to provide for special contracts. The terms will be settled between the parties to the contracts and there is no need to specify.	
78	Clause XI	**Maximum charges.—** Save as provided by clause IX, sub-clause (3), the prices charged by the licensee for energy supplied by him shall not exceed the maxima fixed by his license, or in the case of a method of charge approved	CEC and WMP File No. EB.77/1.	Suggestion to incorporate the provisons of Sixth Schedule to the Electricity (Supply) Act, in place of the Clause.	Sixth Schedule is already applicable to all licensees, *vide* section 1 (3) of the Electricity (Supply) Act, 1948.	

		by the Provincial Government, such maxima as the Provincial Government shall fix on approving the method : Provided that, if , at anytime after the expiration of seven years from the commencement of the license Provincial Government considers that the maxima so fixed or approved as aforesaid should be altered, it shall refer the matter to an advisory Board and, if the Board recommends any alteration, may make an order in accordance with such recommendation, which shall have effect from such date as may be mentioned therein: Provided, also that, where an order in pursuance of the foregoing proviso has been made no further order altering the maxima fixed thereby shall be made until the expiration of another period of five years.			
79	Clause XI A	**Minimum charges.**— A licensee may charge a consumer a minimum charge for energy of such amount and determined in such manner as may be specified by his license, and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer during the period for which such minimum charge is made.	Electrical Inspectors' Conference 1928.	Suggestion to make provisions in the clause to regulate such condition of supply to restricted hour supply consumers.	In the opinion of this Commission such details shoulld be incorporated in the condition of supply under Section 21 of the Act.
80	Clause XII	**Charge for supply for public lamps.**— The price to be charged by the licensee and to be paid to him for energy supplied for the public lamps, and the mode in which those charges are to be ascertained, shall be settled by agreement between the licensee and the Provincial Govt. or the local authority, as the case may be, and, where any difference or dispute arises, the matter shall be determined by arbitration.	Do.	Add the words "and for other charges' after the words "Public Lamp":	As this Clause relates to provisions regarding street lighting only.

Serial No.	Section No.	Text of the section as it exists	Name of the proposer	Proposed Amendment	Reason for considering the proposed amendment unnecessary	Remarks of the Advisory Board
1	2	3	4	5	6	7
81	ClauseXII	Refer to serial No. 80 . . .	Electrical Inspectors' Conference, 1928	Suggestion to make a provision to base the charges on "reasonable return".	In view of many variable factors involved, and the case being that of a special contract in the settlement of which the Government is also a party.	
82	Clause XIII	**Licensee to establish testing station and keep instruments for testing—** The licensee shall establish at this own cost and keep in proper condition such number of testing stations, situated at such places within reasonable distance from any distributing main, as the Provincial Govt. may direct for the purpose of testing the pressure or periodicity of the supply of energy in the distributing main, and shall supply and keep in proper condition thereat, and on all premises from which he supplies energy, such instruments for testing as an Electric Inspector may approve, and shall supply energy to each testing station for the purpose of testing.	CEC . .	After the words "Provincial Government" add the words "or the Provincial Electricity Board where such a Board has been established."	As it has not been considered advisable to put the Electrical Inspectors under the administrative control of the Provincial Electricity Boards.	

APPENDIX III

Statement of the Informal Comments from the Members of the Central Electricity Board on the Statement at Appendix II and the Remarks of the Member-Secretary thereon.




सत्यमेव जयते

Statement of the informal comments from the Members of the Central Electricity Board on the Statement at Appendix II and the remarks of the Member-Secretary thereon.

Serial No.	Section No.	Text of the section as proposed to be amended by the late Central Electricity Commission	Infomal comments from the Members of the Central Electricity Board	Remarks of the Member-Secretary
1	2	3	4	5
1	General	(*i*) Substitute the words 'Union Government' for the words 'Central Government' and the words 'State Government' for the words 'Provincial Government' wherever they occur in this Act. (*ii*) Substitute the words 'Electrical Inspector' for the words 'Electric Inspector' wherever they occur in this Act.		
2	Preamble of the Act.	Preamble of the I.E. Act.	*Chairman (Chief Engineer and General Manager) M. P. Electricity Board.* Delete the words "the supply and". The Electricity (Supply) Act 1948 deals with the production and supply of electricity. Also the I. E. Act 1910 deals with supply and use of electricity. It is obviously desirable to group the provisions pertaining to supply in both the Acts in one of the two-better in the Electricity (Supply) Act 1948 for administrative convenience. The I. E. Act will then deal with use of electrical energy only.	The suggestion was considered by the C.W & P C. (P/W) in 1951. In fact a proposal to have omnibus legislation on electricity incorporating the provisions of the existing two enactments on the subject was made but it was not approved by the Govt of India. This suggestion may not be accepted.
3	I (2)	Short title, extent and commencement— * * * * 'It extends to the whole of *India *** ....* *except the State of Jammu and Kashmir* ; and'	*Chief Eectrical Engineer Electricity Department, Madhya-Bharat, Indore City.* The proposed amendment is not now necessary as it has already been effected.	The proposed amendment has already been carried out by virtue of the Part 'B' States (Laws) Act 1951.
4	2 (*a*)	..	*Shri P. C. Sarkar, Electrical Inspector of Mines.* The term "aerial line" should be reworded to read as "overhead line" wherever it occurs in the Act. This is	This suggestion may be accepted.

1	2	3	4	5
			apparently consequential to the term " overhead line " being proposed to be used in the draft revised Rules, meaning of both the terms being the same. The term proposed in the draft revised Rules appears to be in line with the modern practice. If there is any objection to the same term being defined in the Act as well as in the Rules, I suggest that this definition may be allowed to stand in the Act.	
5	2 (*c*)	**Definitions—** * * * * 2. ' consumer ' means any person who is supplied with energy by a licensee *or a sanction holder under Section* 28 or whose premises are for the time being connected for the purposes of a supply of energy with the works of a licensee *or a sanction holder.*	*Sri S.K. Chatterjee, Secretary to the Govt. of West Bengal Commerce and Industries Deptt., Mines & Power Branch.* " Consumer ", as now proposed to be defined, means any person who is supplied with energy by a licensee or a Sanction holder under Section 28 of the Act. It is pointed out that the State Electricity Department or Damodar Valley Corporation are not operated under license and hence are not licensees. Hence, those who are supplied with energy by the Govt. Electricity Department are not legally consumers as defined under the Act. Your attention, therefore, is invited to the points referred to above in order to determine whether the scope of the word " consumer " should be widened to include person supplied by the State Undertakings.	The privileges and rights enjoyed by a consumer receiving supply from a licensee or a sanction holder should be extended to consumers of other suppliers of energy including the Govt. The definition of the term " consumer " may, therefore, be amended as under :— " Consumer " means any person who is supplied with enery by a licensee, non-licensee or other supplier of energy or whose premises is for the time being connected for the purpose of supply of energy with the works of a licensee, non-licensee or other supplier of energy.
6	2 (*c*)	Do.	*Chairman (Chief Engineer & General Manager) M. P. Electricity Board.* Amendment proposed by C. E. C. not necessary. " Licensee " is proposed to be defined as one holding a licence or a Sanction and therefore the definition of " consumer " may not need any change—vide Serial No. 18.	Do.
7	2 (*c*)	Do.	*Chief Engineer, Electricity, Govt. of Orissa, Puri.* The definition of consumer should include persons supplied with energy not only by a licensee or a sanction holder but also by Govt. departments who normally do not take a license or	Do.

1	2	3	4	5
			sanction for supplying the energy. *Chief Engineer, Bihar (Electricity Department)*	
8	2 (*c*)	*Vide* serial No. 5	In the amendment proposed it has been stated "consumer" means any person who is supplied with energy by a licensee or a sanction holder under section 28 or whose premises are for the time being connected for the purposes of supply of energy with the works of a licensee or a sanction holder. Now, that the Electricity is to be supplied by State Govt., State Electricity Board or by such Corporation as DVC (under a special Act) who need not take a license or sanction, though power of a licensee or sanction holder may be vested in them so, to make the position clear, as has been liberally done in subsequent amendments, I propose that the definition be amended as follows :— "Consumer" means any person who is supplied with energy by a licensee or a sanction holder under Section 28 or by State Electricity Board or by State Govt. or by such Corporations who have been vested with power by a special Act by Union Govt., or whose premises are for the time being connected for the purposes of supply of energy with the works of a licensee, or a sanction holder, or State Electricity Board, or State Government or Corporation vested with special power for supply of such energy. *Chief Electrical Inspector to Govt. of Madras, Madras.*	Vide serial No. 5.
9	2 (*c*)	Do.	I note that provision has been made under definition of the word "consumer" to include those persons who are supplied by a sanction holder under Section 28. It seems necessary to include also people who are supplied power by a Govt. Electric Supply Undertaking doing *public supply* work. The definition should also include persons whose instal-	Persons whose installations are disconnected temporarily cannot equitably be called upon to take up the liabilities of the "consumer" and hence they may not be included in the definition of the term "consumer". This suggestion may not be accepted.

1	2	3	4	5
			lations are disconnected but not permanently. These may be provided for by re-drafting the definitions. *Chief Electrical Engineer, Madhya Bharat, Indore City*	
10		*Vide* serial No.	The present as well as proposed definition of "consumer" does not include persons supplied from works belonging to the Govt. The definition may therefore be suitably changed to include such persons also.	*Vide* serial No. 5.
11	2 (*f*)	'electric-supply line' means a wire, conductor, or other means used for conveying, transmitting or distributing energy together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, *or any posts, brackets, cross-arms, stays, struts, safety devices or mechanised or electrical contrivances used in connection therewith,* or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing, such energy *either by an aerial line or lines or by underground cable or cables.*	*Sri S.K. Chatterjee, Secretary to the Govt. of West Bengal, Commerce and Industries Deptt., Mines and Power Branch.* The expression "either by an aerial line or lines or by underground cable or cables" has been now inserted at the end of this section to amplify the definition. The West Bengal Govt. is of opinion that the above may lead to ambiguity and recommends that these words "either by an aerial line or lines or by underground cable or cables" inserted at the end of the section be deleted.	The appropriate place for insertion of the words "either by an aerial line or lines or by underground cable or cables" would be between the words, "energy" and "together" occurring in line five.
12	2 (*f*)		*Chief Electrical Inspector to Govt. of Madras, Madras.* The word "or" in "or any posts, bracket etc." gives the meaning that the supply line can be a post or bracket. Instead, the words "and inclusion of" will make the meaning clear.	The replacement of the word "or" by the word "including" would remove the ambiguity.
13	2 (*g*)	'energy' means electrical energy when generated, transmitted, supplied or used for any purpose***....	*Shri P. C. Sarkar, Electric Inspector of Mines.* The amendment as proposed will include under the purview of the Act *all* telecommunication apparatus using energy from supply mains or from any other source, which is not desired. It is suggested that to clarify matter and to avoid future confusion, the following clause be added at the end	Under Section 37 (3) of the Act, the rules made by the C.E.B. for the protection of persons and property from injury and preventing telegraph lines from being injuriously affected are binding on the Crown. It is, therefore, desirable to bring the works pertaining to the transmission of messages etc. within

1	2	3	4	5
			of the term proposed by the Central Water & Power Commission (P/W) *viz.*, " but excludes energy used in all apparatus coming under the purview of the Indian Telegraph Act ".	the perview of the provisions of the Act. This suggestion may not be accepted.
14	2 (*g*)	*Vide* Serial No. 13	*Chief Electrical Inspector to Govt. of Madras, Madras.* I suggest transmission of messages at less than 110 volts may be excluded from the applicability of the definition. It is also not merely a question of responsibility but fixing minimum size of conductors etc., and the Telegraph Department may not at all like to take all its lines, most of them harmless, to come under the scope of the Indian Electricity Act.	The intention of the suggestion appears to be to keep out the electrical works of the Telegraph and the broadcasting authorities using energy at voltages up to 110 volts from the jurisdiction of the Electric Inspector. The rules made by the CEB relating to entry, inspection and the levy of fees for the services of the Electric Inspector are not binding on the Crown by virtue of the provisions of Section 37 (3) of the Act. As these installations belong to the Central Govt. it is for the Central Govt. to decide whether the Electric Inspector appointed by them or by the State Govts. should have jurisdiction in respect of inspection, tests etc. This suggestion may not be accepted.
15	2 (*h*)		*Chairman* (*Chief Engineer and General Manager*), *M. P. Electricity Board.* " Licensee " may be defined as below :— " *Licensee* means a person licensed under Chapter VIII of the Electricity (Supply) Act, 1948 to supply energy or a person who has obtained sanction under that Act to engage in the business of supplying energy and unless otherwise excepted it includes for purposes of this Act only where the context so admits, a State Electricity Board, Union or State Govt. where engaged in the business of supplying energy or any other person statutorily authorised for the purpose." It is obviously desirable to make the definition comprehensive enough to cover all persons holding a license or a sanction or even otherwise.	" Sanction holder " cannot be placed on par with the " licensee " in view of the limited powers and obligations to which they are generally subjected to by the State Govt. Under the provisions of Section 26 of the E. (S) Act, 1948 the State Electricity Boards are to be deemed to be licensees for the purposes of the Act. The proposal of the Govt. of West Bengal to amend the definition of the term " Licensee " to bring the State Govts. when engaged in the business of electricity supply within its meaning was not supported by this Commission. The E (S) Act contemplates that after its enactment the business of supplying energy should be entrusted either to a private person or to the State Electricity Board and where the

1	2	3	4	5
				State Govt. is already engaged in the business of supplying energy it should transfer all its undertakings with its obligations to the Board. If the above suggestion of the West Bengal Govt. were to be given effect to, it would mean going back on the principles of the E. (S) Act. This suggestion may not be accepted.
16	New	*'Date of vesting' means the date on which the undertaking, or any asset forming part of thereof, of a licensee vests in the State Electricity Board, the State Governmentor a purchaser as the case may be.*		
17	New	..	*Shri S. K. Chatterjee, Secretary to the Govt. of West Bengal Commerce & Industries Deptt., Mines and Power Branch.* A reference has been made to the State Electricity Board in Section 4 (3) as well as in many places in the Amending Sections. For clarification, it is considered desirable to define term "State Electricity Board" having reference to the relevant Section of the Electricity (Supply) Act, 1948.	This suggestion may be accepted. The term "State Electricity Board" may be defined as "The State Electricity Board constituted under Section 5 of the E. (S). Act, 1948".
	New	*'original cost'—of an asset means the amount of expenses certified or determined for the purpose of this Act to have been properly incurred on and incidental to the provision of the assets for the purpose of the undertaking or part thereof.*	*Shri S. S. Kumar, Punjab, P. W. D., Electricity Branch.* The word "assets" in the 6th line in column 5 should be "asset".	The typographical error to be corrected.
19	Do.		*Chief Electrical Engineer, Madhya Bharat, Indore City.* Definition of "original cost" is not considered necessary as the term has not been used anywhere in the Act or the amendments proposed. In sections 5 and 7 (as proposed) the term has, however, been clarified in detail.	*Vide* serial No. 22.
20	New	*'prescribed period' means in respect of each of the assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948,*	*Chief Electrical Inspector to Govt of Madras, Madras.* *Second Paragraph* : Substitute the word "as the" occuring in the seventh line by the words "in cases where the".	There appears to be some printing error in the proviso to the new section. The word "if" and "," may be added before the word "having

1	2	3	4	5
		the number of years or period specified therein in relation to such assets, running in each case from the beginning of the year of account next following that in which the particular asset became available for use in the business. *Provided that, on the application of the licensee or the purchaser, the State Government may vary the prescribed period in respect of any assets in use if, having regard to the physical condition of such assets as the application... of the table to such assets would be unreasonable.*	*Third paragraph* : It does not seem necessary to provide for a right of appeal even in such matters to the Central Authority.	in line 6 of the proviso and the word " as " occurring in line 7 deleted. The objection would not then arise. It is necessary to provide for the right of appeal specially when there are possibilities of the purchase of the electricity undertaking on the expiry of the licence by the State Govt. In fact a proposal to delete the provision for a right of appeal to the C. E. A. *in respect of the* matters concerning the life of any asset of the electricity *undertaking was made—vide* clause 21(A) (*g*) of the E.(S) Amendment Bill, 1951. But this proposal has not been supported by this Commission on account of the reasons mentioned above.
		Any question arising out of the decision of the State Government on any such application shall be referred to the Authority for Arbitration. 'Authority' means the Central Water and Power Authority constituted under Section 21 of the Inter-State River and River Valleys (Regulation and Development) Act 195.....		As the fate of the Inter-State River and River-Valleys (Regulation and Development) Bill is not known the word "Authority" should mean the C.E.A. It is therefore, suggested that the word "Autho rity" occurring in this paragraphshould be substituted by the words "C.E.A. constituted under Section 3 of the E. (S) Act, 1948" and the meaning of the "Au thority" given at the end may be deleted.
			Chairman (Chief Engineer & General Manager) M. P. Electricity Board.	
21	New	*Vide* Serial Nos. 16, 18 and 20.	Relevant provisions in the I. E. Act having been transferred to the Electricity (Supply) Act, these definitions are not necessary.	This suggestion would not arise in case the recommendation made against Serial No. 2 is accepted.
22	New	Do.	*Electrical Engineer to Govt., P. W. D., Secretariat, Fort, Bombay-1.* Since the expressions against Sl. Nos. 7 and 8 of the state-	The definitions of these expressions given under the E (S)

1	2	3	4	5
			ment of the proposed amendments to the Act are defined in the Electricity (Supply) Act, 1948, it would suffice if a note is added to th effect that the meanings assigned to the terms not included or defined in this Act, but defined in the Electricity (Supply) Act, 1948, shall have the same meanings as assigned in that Act. *Chief Electrical Inspector to Govt. of Madras, Madras.*	Act, 1948 do not contain an reference to the "State Govt." or "the purchaser" which is necessary in the case of this Act. The suggestion may not therefore be accepted.
23	New	'Sanction holder' means a non-licensee who has been granted sanction to supply energy under section 28 of the Act.	The word "non-licensee" may be replaced by the word "person." *Shri P. C. Sarkar, Electric Inspector of Mines.*	In view of the recommendation in respect of the definition of the term "consumer" made *vide* Serial No. 5 whereby it is proposed to substitute the word "non-licensee" [which is defined under the (Draft) rule 2 (1) (*ae*) as a person generating supplying, transmitting or using energy to whom any of the provisions of Part III of the Act apply] for the words, "a sanction holder under Section 28" the definition of the term "sanction holder" may be deleted and the term "non-licensee" retained. This suggestion may not be accepted.
24	2. (*n*)	..	The existing term "works" apparently means licensee's works only. This term should be amended so as to include the works of every person, including the licensee, because this term occurring in Chapter IV of the Act under the heding "General Protective Clauses" applied to all persons. It is, therefore, suggested that Section 2 (*n*) should be amended to read as follows :— "Works" includes electric supply line and any building machinery or apparatus required to generate, transmit, supply or use energy".	Under Section 2 (*n*) of the Act the term "works" includes electric supply lines and any buildings, machinery or apparatus required to supply energy and to carry into effect the objects of the licence granted under Part II. The above definition does not apply to a non-licensee who holds a sanction to engage in the business of supplying energy under Section 28, but does not possess a licence for the purpose. It is considered advisable to extend the scope of this definetion to non-licensees and other suppliers of energy as well. The suggestion also intends that the scope of the definition may be extended to private electrical installations as well meant for generation and use or for use of energy supplied by a licensee, non-licensee or other

1	2	3	4	5
				supplier of energy. On going through the various sections of Part IV of the Act it is noticed that the term "works" when referred to as "works of any persons" or "the other works" is more or less qualified wherever it occurs and should be read with reference to the context. It is not, therefore necessary to extend the scope of the definition to the consumers or private persons generating and using energy.
				It is suggested that the term "works" may be defined as under :—
				"Works includes electric supply lines and any building, machinery or apparatus required to supply energy by a licensee, non-licensee or other supplier of energy and to carry into effect the objects of the Act."
			Chairman (Chief Engineer and General Manager) M. P. Electricity Board.	
			"Works" may be defined as below :—	
25	2 (*n*)		"*Works*—includes electric supply lines and any building machinery or apparatus required to supply energy and to carry into effect the object of a Licence or a Sanction granted under Chapter VIII of the Electricity (Supply) Act, 1948 and unless otherwise repugnant to the purpose of that Act, shall also include the works of a State Electricity Board constituted under Section 5 of that Act and of the State Govt. and the Union Govt. used for the purpose of and in the business of supplying energy and essentially required for the purpose of supply".	The definition of the term "works" recommended vide Serial No. 24 would cover the works of the State Electricity Boards as well as those of the State Govts. as the Boards are licensees under the Act and the State Govts. come under the category of "other suppliers of energy."
			The elaboration of the definition is necessary in view of the Supply Act provid-	

1	2	3	4	5
			ing for the Constitution of the Electricity Boards.	
26	New		A new Section 2 (A) may be added as below :— " 2(A)—*Interpretations*:— (1) (*Supply*) *Act* shall mean the Electrcity (Supply) Act 1948 (Act LIV of 1948). (2) *Central Electricity Authority* : means the Central Electricity Authority constituted under the (Supply) Act and where not so constituted or replaced, the successor body or authority replacing the same. (3) *Board*: means a State Electricity Board constituted under Section 5 of the (Supply) Act, and includes a Board appointed under Section 6 of the (Supply) Act." Necessary in view of the enforcement of the Electricity (Supply) Act, 1948.	It is not necessary to define the terms " Central Electricity Authority " and "Supply Act ". The term " CEA " occurring in the new definition of the term " prescribed period " (Serial No. 8 of the statement of the proposed amendments to I. E. Act. 1910)has already been proposed to be defined there itself—*vide* Serial No. 20 and the term ' Electricity (Supply) Act " has been incorporated in the proposed amendments in full wherever it occurs. As regards the definition of the word " Board ", as the Act envisages the constitution of Advisory Board under Section 35 and the CEB under Section 37 thereof, it is more appropriate to use the expression " State Electricity Board " wherever it occurs and define the expression " State Electricity Board " as proposed *vide* serial No. 15.
			Shri P. C. Sarkar, Electric Inspector of Mines.	
27	New	....	The term " Government " should also be defined in the Act under the same wording as has been suggested in the draft revised Rules, there being certain sections in the Act, particularly under Part III and IV of the Act, which are matters of administration by the Electrical Inspectorate under the Union Govt. also. In this connection, the amendment to Section 36 proposted by the Central Eletcricity Commission under item 54 of their statement may kindly be seen. Under the circumstances, my comments on serial No. 1	It will be advisable to specify the appropriate government wherever it is required. No doubt, in the revised I.E. Rules the Advisory Technical Committee incorporated a (Draft) rule defining the " Government " as meaning State Govt. or the Central Govt. as the case may be and the CEB in its last meeting held in Simla during Oct. 1953 decided to delete the words " State " or "Central" from the rules wherever it is appropriate. On reconsideration of the matter it is opined that the qualifying words ', State " or " Central " should be added to the word " Government " wherever it occurs either under the rules or in the Act to enable the persons concerned to know which is the appropriate Govt. for the purposes of the provision concerned. It is, however, proposed to discuss this point with the Ministry of Law.

1	2	3	4	5
			of the Commission's statement under the heading "General" are that the words "Provincial Govts." wherever they occur in Parts III and IV of the Act, excepting Sections 35, 36, 36A, 37, 38 and 53 where the words "Union Govt." and "State Govt.", need be separately specified, should be substituted by the word "Govt.", if there is any objection to the same term being defined in the Act as well as in the Rules, I suggest that the definition be allowed to stand in the Act rather than the Rules, which are subsidiary to the Act. *The Chairman (Chief Engineer and General Manager) M. P. Electricity Board.*	
28	3 (1)	Grant of licenses.	Insert "after consultation with the Board" between the twords "person" and "a licence", and transfer the Section to (Supply) Act as Section 86 (1). Necessary in view of the enforcement of the Electricity (Supply) Act 1948.	This suggestion may not be accepted as the provision has alredy been suggested *vide* Serial No. 13 of the statement of proposed amendments to the Act that a licence cannot be granted by the State Govt. without the consent of the State Electricity Board on the analogy of the prvisions under proviso to Section 28 (2) of the Act. As regards transferring the provision to the E. (S). Act, remarks against Serial No. 1 may be seen.
29	3 (1) (*a*)		Insert "established with the consent of the Board under Section 44 of the Electricity (Supply) Act" between the words "station" and "such" and transfer the whole section as section 86 of the (Supply) Act. Necessary in view of the enforcement of the Electricity (Supply) Act 1948.	The intention of the suggestion is that no licensee should establish any station whether inside or ontside the area of his supply without the consent of the State Electricity Board as required under Section 44 of the E. (S.) Act and to transfer the Section to the E (S.) Act. As a licensee will have to comply with the provisions of both the Acts the suggestion may not be accepted. In this connection remarks against Serial No. 2 may also be seen.
30	3(2)(*a*)(*i*)	Omit the word, 'and' occurring at the end of the proviso to sub-clause (*b*) of clause (*a*), being consequential to the insertion of a new sub-clause (*iii*).		

1	2	3	4	5
			Chief Electrical Engineer Govt. of Mysore, Bangalore—1.	
31	3(2)(*a*)(*ii*)	(*ii*) until, in the case of an application for a licence for an area, including the whole or any part of any cantonment fortress, arsenal, dockyard, *aerodrome* or camp or of any building or place in the occupation of the Union Government for naval or military purposes, the State Government has ascertained that there is no objection to the grant of the license on the part of the**** *Defence Department* ; *and*	Add the following sub-clause:— (*iii*) A State Govt. may, at their discretion, refuse to grant a licence to any applicant in areas where the generation, transmission and distribution of electricity is being carried on as a State undertaking. (Remarks : This safeguarding clause is felt to be necessary in order to ensure that no private licensees may come into existence in those States where electricity is a fully-nationalised State undertaking, as in Mysore); *The Chairman (Chief Engineer & General Manager) M. P. Electricity Board.*	The discretion to grant or not to grant a licence rests with the State Govts. The suggstion may not be accepted.
32	New 3(2)(*a*)(*iii*)	(*iii*) *Without the consent of the State Electricity Board, where such a Board has been constituted, unless the State Government considers that such consent has been unreasonably withheld.*	Add the following as proviso to Sub-section 3 (2) (*a*)(*iii*) proposed by C.E.C. :— "Provided that in the event of a difference, the same shall be decided by reference to the Central Electricity Authority. (Water and Power Tribunal ?) To provide for resolving any difference.	The E. (S). Act does not contemplate the arbitration of disputes between the State Govts. and the Board by the Central Electricity Authority. In fact the State Govts. are already feeling that these Boards have been given unduly wide powers and hence they are feeling reluctant to constitute the Boards. Under clause 20 of the E. (S). Amendment Bill, 1951, it is proposed that in the discharge of its functions the Electricity Board shall be guided by such directions on question of policy as may be given to it by the State Govt. and if any dispute arises between the State Govt. and the Board as to whether a question is or is not a question of policy, the decision of the State Govt. shall be final.
			Chief Electrical Inspector to Govt. of Madras, Madras.	This suggestion may not be accepted.
33	3(2)(*b*)		Words "Provincial Governments" may be replaced by words "State Governments". *Electrical Engineer to Govt., P. W. D., Secretariat, Fort, Bombay-1.*	This suggestion has already been given effect to in the copy of the Act as modified upto 1-4-1950.
34	3(2)(*d*)(*i*)	(*d*) a license under this Part— (*i*) may prescribe such terms as to the limits within which, and the conditions under	The proposed proviso to section 3 (2) (*d*) (*i*) would act as a good check on the new licensees who would otherwise take undue advantage of the provisions of section 57	The question of making a provision in the (Draft) Model Form of licence [Annexure III to the (Draft) I. E. Rules] in respect of the effective rates for the first three years

1	2	3	4	5
		which, the supply of energy is to be compulsory or permissive and as to the*** *financial principles and the rates* to be charged in respect of the supply of energy and generally as to such matters as the State Government may think fit*. *Provided that the licensee shall not increase any of the rates prescribed in his license within three years from the date of commencement of supply except with the prior approval of the State Government.*	read with para. 1 of the Sixth Schedule of the Electricity (Supply) Act, 1948, and revise the rates at their discretion. Further, this would enable Govt. to prescribe the maxima charges in the new licenses, which is at present inoperative.	was discussed with the Ministry of Law at the time of publication of the (Draft) Rules. The Ministry of Law opined that the provision for the fixation of rates even for a short time would be inconsistent with the provisions of the E.(S) Act, 1948. Accordingly it was deleted from the published (Draft) Rules. In view of the above, it is necessary to delete the proviso and also the words 'and the rates to be charged in respect of supply of energy' from Section 3 (2)(*d*) (*i*). In this connection it may be pointed out that some of the State Governments have suggested the amendments to the E. (S) Act to enable the Governments to lay down the rates of supply and prevent the licensees from adjustng such rates in the upward direction—*vide* Serial No. 65 (*i*) to 66 of the Statement of objections and/or suggestions on the (Draft) E. (S) Amendment Bill, 1951. In case the Advisory Board decides to provide for empowering the State Govment to lay down the rates of supply in the licence, the revised provision would prevail as the later law has more force than the former one in respect of any matter. It is however not considered desirable to do so as the provisions of the E. (S) Act empower the Electricity Boards and the State Governments to exercise adequate control over the financial operations of the licence. There is therefore no danger of the licensees enforcing unreasonable rates of supply. This suggestion may not be accepted.
35	3(2)(*d*)(*i*)	Do	*Sri Krishan Chand, I.C.S., Secretary to Govt., Govt. of U. P., P. W. (D). D.* It has been suggested that the licensee shall not increase any of his rates prescribed in his licence within three years from the commencement of supply except with the prior approval of Govt. The stand that has all along	*vide* Serial No. 34. If the Electricity Boards or the State Governments exercise proper control over the financial and operational working of the licensees' undertakings as envisaged under Sections 55 and 57 and the Sixth Schedule to the E. (S) Act,

1	2	3	4	5
			been taken by the State. Govt. is that the licensee is not competent to alter the maximum rates of supply laid down in the licence until a Rating Committee' has been formed. The State Govt., therefore, does not accept the right of the licensee to make automatic adjustments in his rates after three years. The maxima of rates laid down in the licence should be adhered to, to overcome the serious danger of inefficient concerns inflating the cost of management and recovering the same from the consumers.	there should be no fear of serious danger of inefficient inflating the cost of management to the detriment of the interest of their consumers. This suggestion may not be accepted.
			Sri S.K. Chatterjee, Secretary to the Govt. of West Bengal Commerce and Industries Deptt., Mines & Power Branch.	
36	3(2)(*d*)(*i*)	(*d*) a license under this Part— (*i*) may prescribe such terms as to the limits within which, and the conditions under which, the supply of energy is to be compulsory or permissive and as to the******financial principles and the rates*** to be charged in respect of the supply of energy and generally as to such matters as the State Government may think fit*. ***Provided that the licensee shall not increase any of the rates prescribed in his license within three years from the date of commencement of supply except with the prior approval of the State Government.***	The provision of maximum charges in the license has been stated in the proposed amendment to be in conflict with Sections 57 and 58 and the Sixth Schedule to the Electricity (Supply) Act and it has been proposed to substitute " financial Principles and the rates " for the existing words " limit of price ". This Govt. has been advised by the Advocate General that the fixation of maximum rates of supply is not inconsistent with the above provisions of the Electricity (Supply) Act, 1948. To make this point clear and beyond doubt, this Govt. has already suggested amendment to clause 1 of the Sixth Schedule to the Electricity (Supply) Act, which runs as follows : In paragrah I after the words " reasonable return " add another proviso " provided that the rates so adjusted shall not exceed the maximum specified in the license without the sanction of the State Govt." The proposed amendment is, therefore, opposed. Provision may also be made so that the State Govt. may give directions to any licensee requiring him to obtain approval to fix charges and prices in particular classes of load ; and to submit	The suggestion amounts to repealing the provisions of paragraph I of the Sixth Schedule to the E. (S) Act, 1948. Also ***vide*** remarks against Serial Nos. 34 and 35. As regards the suggestion to make a provision whereby a licensee would be required to obtain the approval of the State Government in relation to tariffs for particular classes of consumers, this should be left to the discretion of the licensee or the Rating Committees, as the licensee is required to compete with other forms of primary power which may be available to the particular class of consumers and to fix his rates with a view to secure such loads. This suggestion may not be accepted.

1	2	3	4	5
			proposals for varying or replacing tariff when the Govt. considers them to be varied or replaced by new tariff. *Chief Electrical Inspector to Govt. of Madras, Madras.*	
37	3(2) (*d*)(*i*)	Vide serial No. 34	The proposed proviso stipulating that a " licensee shall not increase any of the rates prescribed in his licence within three years from the date of commencement of supply except with the prior approval of Government will not be in order. The supply Act has precedence over the Indian Electricity Act and though a provision in line with the above would be necessary, it cannot be introduced by an amendment to the Indian Electricity Act. It should come as an amendment to the Supply Act and the VIth Schedule thereto. *The Chairman (Chief Engineer and General Manager) M. P. Electricity Board.*	Vide serial Nos. 34 and 35.
38	3(2)(*d*)(*i*)	..	The amendment proposed by C. E. C. is not necessary in view of Section 57 of the Electricity (Supply) Act. *Chief Electrical Engineer, Madhya Bharat, Indore City.*	Do.
39	3(2)(*d*)(*ii*)	Deleted	The existing sub-clause (*ii*) of clause (*d*) of sub-section 3 (2) should not be deleted because in cases where generating station is only in part meant for the purposes of licence, it will not be desirable or fair that the generating station should also form a part of the undertaking for the purpose of purchase. *The Chairman (Chief Engineer & General Manager) M. P. Electricity Board.*	As the power to control generating stations, to supply to licensees owning generating stations, to close down generating stations and to purchase them if required, is vested in the Electricity Board under Sections 34 to 37 of the E. (S) Act, the Board could at any time declare a generating station as controlled station, close it down or utilise it for the purposes of the Board. The provisions of this clause for all purposes are redundant and if left to the discretion of the licensees to declare whether the station is to form a part of the undertaking or not for the purpose of purchase under Sections 5 and 7 would not appear to be consistent with the provisions of Sections 34 and 37. This suggestion may not be accepted.
40	3(2) (*e*)		In Section 3 (2) (*e*) insert the words " without prejudice to the powers of the Board to supply electricity under Section 19 and the generality	It is not necessary to repeat relevant provisions of the E.(S) Act, 1948 in this Act. This suggestion may not be accepted.

1	2	3	4	5
			of the (Supply) Act" between the words "not" and "in".	
			In view of the provisions of the (Supply) Act.	
41	3(2)(*f*)		For clause (*f*) substitute the following : "The provisions contained in the 10th Schedule [of the (Supply) Act] shall be deemed to be incorporated with and to form part of every licence granted under this chapter save in so far as they are not inconsistent with the generality of the (Supply) Act and without prejudice to the generality of the I. E. Act expressly added to varied or excepted by the licence and shall, subject to any such additions, variations or exceptions which the State Government is hereby empowered to make apply to the undertaking authorized by the licence."	Vide Serial No. 2. This suggestion may not be accepted. Incidentally, the Tenth Schedule mentioned in the suggestion refers to the Tenth Schedule of the (Draft) E.(S) Act, proposed by him.
42	4(1)(*a*)	4. Revocation ** of licences.	At the end of clause (*a*), subsection (1) add the following :— "either at the instance of the State Government or the Board." In view of the provisions of the (Supply) Act.	As the licensing authority is the State Government the incorporation of the provision as suggested would tantamount to whittle down the powers of the State Government and forcing its hands to revoke the licence at the instance of the Electricity Board even if it is satisfied that such revocation would not be reasonable or desirable. The State Governments are not likely to agree to the proposal. This suggestion may not be accepted.
43	4 (1) (*d*)	(*d*) Where, *** in the opinion of the State Government, *the financial position of the licensee is such that he is* unable,**** fully and efficiently to discharge the duties and obligations imposed on him by his license.	For clause (*d*) as proposed, substitute the following :— "Where the licensee is, in the opinion of the State Government, unable by his insolvency or is unable or unwilling due to lack of finance or for whatsoever reason fails to, after due notice to nim in this behalf fully and efficiently to discharge the duties and obligations imposed on him by his licence. Provided no licence shall be revoked for any of the abov reasons without prior consent of the Board unless the State Government considers that such consent has been unreasonably withheld." It is logical to provide for consent of the Board for revocation of a licence as it is provided for grant of the licence.	The suggestion if accepted would lead to undue delay in the revocation of the licence to the detriment of the interest of the consumers. Insolvency has been interpreted to mean 'adjudicated insolvency'. The proposed draft may therefore be retained. The provision for notice has already been made in the proviso proposed to be added to Section 4(1); Vide Serial No. 18 of the Statement of proposed amendments to the Act (Page 9). Under Section 71 the right or option of a local authority or the State Government to purchase the undertaking of a licensee has now been transferred to the Board. The provision should therefore, be made somewhat on the lines of the proposed amendment to Section 4 (3) vide Serial No. 20 of the

1	2	3	4	5
			This makes the provision more comprehensive.	above statement for consultation of the State Electricity Board before any licence is revoked as it is possible that the Board may not be in a position to purchase the undertaking on revocation of the licence. If the above suggestion is accepted the Preamble to Section 4 (1) will require to be amended as under : " The State Government may, if in its opinion the public interest so requires, revoke a licence after consulting the State Electricity Board in any of the following cases, namely :—" As the provisions of Section 4 (1) have been amended to provide for consultation with the Board and for the notice to the licensee before revoking his licence, there is no danger of the provisions proving unduly drastic.
			Chief Electrical Inspector to Govt, of Madras, Madras.	
44	4 (1)(*d*)	Vide serial No. 43	The proposed amendment may prove unduly drastic.	This suggestion may not be accepted.
45	New 4 (1) (*e*)	(*e*) *Where the licensee has made an application to the State Government that he is not able to discharge the duties and obligations imposed on him by his license.*	I note that, provision has been made for revoking a licence on application to the State Govt. by the licensee regretting his inability to discharge his duties and obligations imposed on him by the licence. Some sort of a punishment should be provided for revocations in such cases, to the extent a man comes off after grant of licence, some others who may have succeeded may be summarily kept off etc. A suitable punishment would be not to take into account the intangibles while arriving at the purchase price and provision may be made accordingly—***vide*** Serial No. 63 in this connection.	If the licensee, immediately after the grant of a licence applies for its revocation— (*i*) he would lose his licence fee if he has not commenced any work in connection with his licence, or (*ii*) he would forfeit the security either in whole or in part deposited by him under the proposed provisions of Clause I of the Schedule to the Act—***vide*** Serial No. 64, page 55 of the statement if he has not completed his compulsory works. If he applies for revocation before the expiry of the period of his licence he will be deprived of any addition on account of compensation in respect of goodwill or any profits from the undertaking or of any similar considerations under the provisions of the proviso (i) to the proposed Section 5 (*d*) given in the statement ***vide*** serial No. 24 of the statement—existing proviso to Section 5 (***b***). The words " of any similar considerations " would include the cost of intangible assets to be written off at the time of revocation and purchase.

1	2	3	4	5
46	New proviso to 4(1)	'*Provided that no license shall be revoked under clauses (a), (b), (c) or (d) of this Subsection unless the State Government has first given to the licensee at least two months' notice of its intention to revoke the license and has considered any cause shown by the licensee against the proposed revocation.*	The two months period is too short. A general Body Meeting itself would take about a month at least and there may have to be more than one. I therefore, suggest that the period be revised to 4 months. *The Chairman (Chief Engineer and General Manager) M. P, Electricity Board.*	Shorter the period of notice the better would it be from the point of view of the consumers. It is, however considered that two months' period is too short. A compromise may be made between 'two' and 'four' months and the period may be fixed at three months. Usually 90 days' notice is given.
47	New proviso to 4 (1)	Do.	No notice period need be specified as in a case where a licensee stops supply and informs that he is unable to recommence it, there is no point in giving him 2 months' notice.	The proviso proposed to be added to Section 4 (1) does not include clause (*e*) for the purpose of notice of revocation.
48	4 (2)	*Vide* new section 4A(2)	..	..
49	4 (3)	(2) Where in its opin on the public interest so permits *or requires*, the * *State* Government may on * application or with the consent of the licensee, ******* after consulting the *State Electricity Board, Defence Department or* Local Authority (if any) concerned revoke a license as to the*** part of * *any* area of supply upon such terms and conditions as it thinks fit ***** ** *****. *Chief Engineer, Electricity, Govt. of Orissa, Puri.*	In the amendment proposed by the C. E. C. delete the words "the State Electricity Board" between the words "consulting" and "defence", and insert the words "with the consent of the Board which consent shall not be unreasonably withheld" between the words "revoke" and "a licence". Consent of the Board is preferable to consultation of the Board.	*Vide* serial No. 43.
50	4(3)	Do.	With the present set up of the local authorities, consultation with a local authority before revoking a license may not be made obligatory on the part of the local Govt. as even at the time of issue of license the local authority is not necessarily consulted.	Though there is no specific provision under Section 3(2) (*b*) for consultation with the Local Authority for the purposes of the grant of a licence (which are not being amended—serial No. 12 of the statement) the State Govt. has to record in writing and communicate to the Local Authority its reasons in not accepting their objections against the grant of a licence. This indicates that the local Authority is not placed on par with public who are also authorized under section 3 (2) (*i*) to send to the State Govt. their objections to the grant of a licence.

1	2	3	4	5
				It is advisable to consult the Local Authority as it may be taking supply from the licensee for Public Lighting, water supply, sewage pumping etc. It is considered necessary to extend this provision even in the case of the whole of the the licence.
51	4(3)	*Vide* Serial No. 49 .	*Chief Electrical Engineer, Madhya Bharat, Indore City.* Insert the words " whole or a" before "part of any" in line 11 of sub-section 4(3) (proposed) to provide for revocation of the whole licence also on application by a licensee.	
52	New 4A (1)	*Alteration or Amendment of Licenses—*	*Shri Krishan Chand, Secretary to Government U.P. Public Works (D) Department.*	*Vide* Serial No. 50
		(1) Where in its opinion the public interest so **requires*, the **State* Government may make such alterations or amendments in the term and conditions of a licence, including the provisions specified in Section 3, sub-section (2), Clause (*f*), as it thinks fit.	The proviso requiring the consent of the licensee to the alteration or amendment of his licence may be deleted as the Government should reserve the right to make any alteration or amendment in a licence for the benefit of the consumers generally. For example, in the public interest it might he necessary to extend the compulsory area of supply but to avoid incuring extra capital expenditure the licensee may not agree to have the area extended.	To meet with the suggestion, it would be advisable to redraft the proviso as follows " Provided that, such alterations or amendments may not be made without the consent of the licensee unless the State Government considers that such consent has been unreasonably withheld".
53	New 4A (1)	*Provided that the consent of the licensee shall be obtained befor making such amendments.*	*The Chairman (Chief Engineer and General Manager) M. P. Electricity Board.* In sub-section (1) as proposed by the C.E.C. insert the words " after consultation with the Board" between the words " Amendment" and " in".	This suggestion may be accepted as the alteration or amendment of the licence may involve increase in the area of supply which the Board may have under its consideration for electrification.
	New 4A (1)	(2) Where the **State* Government might under sub-section (1) *of section 4 revoke a license*, it may, instead of revoking a licence, permit it to remain in force subject to such terms and conditions as it thinks fit to impose. **Any further terms** and Conditions so imposed shall be binding upon	In view of the (Supply) Act. *Chief Electrical Engineer, Madhya Bharat, Indore City.* The words " or such officer as the State Government may designate in this behalf" may be added after the word " Government" in line 3 in column 5. This will help in expediting the procedure.	As under Section 3 the application for a licence is to be made to the State Governments, it is only appropriate that the applications for alterations or amendments to such licence should also be made to the State Governments. This suggestion may not be accepted.

1	2	3	4	5
		and be observed by the licensee and shall be of like force and effect as if they were contained in the licence.		
55	New 4A (3)(a)	(3)(*a*) If a licensee desires that any alterations or amendments should be made in terms and conditions of his licence he shall submit a written application to the State Government and within 14 days from the submission of the application publish notice of his application by public advertisement.	*Chief Electrical Inspector, Government of Madras, Madras.* The matter is purely a procedural one. I suggest it should be left to be taken care of by the Indian Electricity Rules. Further, Indian Electricity Rules can be easily revised later, if the procedure outlined is defective. For amending the Act, Parliament will have to be approached.	To meet the objection it is suggested that the proposed sub-section 3(a) may be amended as under: If a licensee desires that any alterations or amendments should be made in the terms of his licence he shall submit a written application to the State Government and he shall publish a notice of his application in the prescribed manner with the prescribed particulars. The above wordings are in line with the provisions of Section 3(2)(a). The prescribed manner and particulars are provided for under the I.E. Rules.
56	New 4A(3)(b) Proviso (i) & (ii).	(*b*) When the **State* Government has approved of the alterations or amendments in the form proposed by the licensee, or in any other **acceptable to the licensee,* the State Government* shall notify the alterations or amendments as approved. in *its official gazette. *Provided that if the alterations or amendments are in the nature of a change in licensee's area of supply the State Government shall not make any alterations or amendments to the licence of a licensee.*	Remarks under the previous item applies to these proposals as well.	The provisions for the publication of the alterations or amendments to the licence as approved by the State Government is appropriately made under the rules. Clause (b) may therefore be deleted. However, the provisions given in the proviso to Clause (b) are applicable to the entire Section 4A pertaining to the alterations or amendments to the licence. It may therefore, be converted into a separate sub-section by deleting the words, " Provided that". The provisions contained in sub-clause (i) and (ii) are on the lines of those in Sections 3 (2)(i) and (ii) and their incorporation is necessary to give opportunity to the public and the authorities concerned to communicate their views (if any) in respect of the amendments or alterations proposed by the licensee on his own initiative.
57	New 4A (3)(b) Proviso (iii)	(*i*) *Until all objections received by the State Government with reference thereto have been considered by it.*	*Chief Electrical Engineer, Madhya Bharat, Indore City.* Add the following words after the word "constituted"	As the procedure to be followed in the case of

1	2	3	4	5
			in line 4 of proviso (iii) to sub-section 4A(3b).— " or the local authority concerned, if any".	amendments in respect of the increase in the area of supply is the same as in the case of the grant of a licence, the objections raised by a local authority, will be given due consideration as provided for in sub-clause (i) of this clause.
58	New 4A (3)(b)	*(ii) Until in the case of an application involving alterations or amendments to an area including the whole or any part of any cantonment, fortress, arsenal, aerodrome, dockyard camp or of any building or place in the occupation of the Union Government for naval or military purposes, the State Government has ascertained that there is no objection to such alterations or amendments on the part of Defence Department.* *(iii) Without the consent of the State Government Electricity Board, where such a board has been constituted, unless the State Government consider that such consent has been unreasonably withheld.*	*Sri S.K. Chatterjee, Secretary to the Government of West Bengal, Commerce and Industries Deptt. Mines and Power Branch.* Under sub-section 3(b) of the New Section 4A, it has been provided that amendments proposed by the licensee and approved by the State Government are to be notified by the State Government in the Official Gazette. It is considered desirable that amendments made under sub-sections 1 & 2 of this New Section 4A should be similarly notified by the State Government.	This suggestion may not be accepted. *Vide* Serial No. 56.
59	New 4B (1)&(1)(b)	*Power for Government to secure interim management of an undertaking :—*	*Chief Electrical Engineer, Madhya Bharat, Indore City.* The word "satisfactory" may be added between words "the" and "continuance" in lines 3 and 16 respectively ;	This suggestion may not be accepted as it may lead to unnecessary controversies.
60	New 4B (1)&(2)	4B (1) *If in its opinion it is necessary in order to secure the continuance of the supply of energy to the public by an undertaking supplying energy under a licence, the State Government may—*	*The Chairman (Chief Engineer and General Manager) M. P. Electricity Board.* In sub-section (1) proposed by the C.E.C. insert the words " in consultation with the Board (and in case where no Board is constituted without)" between the words "Government" and "may".	The suggestion amounts to preventing the State Govt. from appointing an Administrator or a Controller to work the undertaking directly under its control. Further, if the licence is revoked the option to on purchase the undertaking on revocation would, under the provisions of section 71 of the E (S) Act 1948, rest with the Board instead of a local Authority or the State Government. It would not, therefore, be desirable to entrust the working of the undertaking

1	2	3	4	5
				to the Board during the interim period.
		(a) by order in writing require the licensee, or any person controlling the supply or any establishment or things ancillary thereto, to take or abstain from taking any action specified in the order, or	Sub-clause (b)—In the clause proposed by the C.E.C. substitute the words "direct the Board to take over the working of the undertaking and make such order therewith as may be required by the Board for its exercise of full control thereof, to make such arrangement and to incur expenditure thereunder at the cost of the undertaking" for the words " itself take over..... be necessary".	
		(b) after giving notice in writing to the licensee or to any person controlling the supply or any establishment or thing ancillary thereto, or without such notice if such licensee or person has disobeyed or neglected to comply with an order made under clause (a), itself take over the working of the undertaking or the control of the supply or of any establishment or thing ancillary thereto, and make such order therewith as may, in the opinion of the State Government be necessary to secure the continuance of the supply of energy to the public by the undertaking.	To the above clause add the following as proviso: "Provided that such direction to the Board shall not prevent the Board from making an alternative arrangement for the working of the undertaking". For sub-section (2) as proposed by the C.E.C., the following may be substituted: "2(a). An order made under clause (a) of sub-section 1 unless a shorter period is specified in the said order, shall remain in force for a period of 6 months from the making thereof and may be extended for a longer period as the said Govt. may deem necessary, but in no case the total period shall exceed 12 months on any occasion. (b) Should, however, in the opinion of the State Government a further extension beyond 12 months becomes necessary, or the same is foreseen at the time of making the order under Sub-section 1(b), the State Government shall in consultation with the Board constitute a management committee of 3 members consisting of a member of the Board, who shall be the Chairman of the above Committee, the licensee affected and the third Member—a person appointed by Government to represent the local authority of the area.	Sub-secion (2) limits the period of operation of the undertaking to six months whereas the proposal envisages the extension of the period to twelve months and if necessary, to twenty-four months. It is considered that the period of 12 months should be adequate for the Government to decide whether the licence should be revoked or not. The period of six months may, therefore, be substituted by twelve months
		(2) An order made under clause (a) of Sub-section (1) shall specify the period for which it shall remain in force, and no such	Provided that where no Board exists the Government shall appoint a person of the rank of District Judge as Member Chairman of the Committee and shall there-	

1	2	3	4	5
		order shall remain in force for more than six months from the making thereof, nor shall the power conferred by clause (b) of sub-section (1) be exercised for more than six months on any one occasion.	upon, by order in writing, require the licensee or any person controlling the supply or any establishment or things ancillary thereto to hand over and the managing committee to take over the working of the undertaking from such date and for such period as specified in the said order and shall further enjoin up on the said managing Committee to excercise the full control of the undertaking so as to ensure continuance of supply of energy to the public by the undertaking. The control of the undertaking shall, however, automatically revert to the licensee on the expiry of 24 months from the date of order under sub-section 1(a) unless the license is revoked in accordance with this Act in the meanwhile.	
61	New 4B (2)		In view of the Supply Act.	
62	New 4B (2)			
63	New 4B (3)	(3) *No order shall be made under clause (a) of Sub-section (1) requiring any person to remain at work.*	*Chief Electrical Inspector to Government of Madras, Madras.*	
			The 6 months' period is too short for any drastic overhaul. Probably a period of 12 months would be more suitable.	*Vide* Serial No. 60.
			Sri Krishan Chand, Secretary to Government U.P. Public Works (D) Department.	
			The period of taking over of an electric supply undertaking by Government may be raised from six months to one year. Although ordinarily the taking over of an undertaking is not likely to be required for a period exceeding six months it is felt that in some exceptional cases it may perhaps be necessary to secure the interim management of an undertaking for the maximum period of one year. The suggestion has been made with a view to providing for such a contingency.	Do.
			While empowering Government to take over the management of an electric supply undertaking temporarily the Central Electricity Commission have suggested that no order	If the provision, as suggested, were deleted it would empower the State Governments to direct that particular person or persons by name to continue to work in the interest

1	2	3	4	5
			shall be made requiring any person to remain at work. This Government are unable to agree to this suggestion as it would disrupt the supplies and nullify the spirit of the amendment. This sub-section may, therefore, be deleted.	of continuity of supply thereby encroaching upon their liberty of action etc. This would not be consistent with the provisions of Article 19 of the Constitution of India which gives freedom of action and thought to individuals. The provision appears to have been made with a view to prevent the State Governments from taking such action. The suggestion may not be accepted.
64	New 4B (3)	*Vide* Serial No. 63	*Chief Electrical Engineer, Madhya Bharat, Indore City.* Sub-section 4B (3) may be deleted because it may easily lead to confusion and/or breakdowns if the entire staff walks off and completely new people have to take over and run the undertaking.	*Vide* Serial No. 63.
65	New 4B (4)	(4) *Whenever in exercise of the power conferred by clause (b) of sub-section (1) the State Government takes over the working of an undertaking or the control of the supply or of any establishment or thing ancillary thereto, it shall carry on such working or control on behalf of the licensee and at his risk and expense, receiving all payments due in connection with the undertaking or part controlled as the case may be, and rendering to the licensee the balance, if any, of the net revenue derived therefrom. In the event of any loss accruing to the State Government on account of the working of the undertaking, the same shall be debited to the undertaking.*	The word "Undertaking" in the last line may be substituted by " Licensee" as savings from the undertaking, it is mentioned, will also be rendered to the licensee.	The word "undertaking" is more appropriate and may be retained.
66	New 4B (4)		*Sri Krishan Chand, Secretary to Government U.P. Public Works (D) Department.* It has been suggested that after the payment of the expenses during the interim control of the Electricity Supply Undertaking by Government the balance	This suggestion may be accep ted.

1	2	3	4	5
			will be paid to the licensee by the management. It would be better in the opinion of this Government if this balance is credited to the Electric Supply undertaking. This will save the State Government from unnecessary litigation and from being burdened with any expense at the end due to subsequent loss. *The Chairman (Chief Engineer and General Manager) M.P. Electricity Board.*	
67	New 4B (4)		For sub-Section (4) as proposed by C.E.C. following may be substituted:— "Whenever in exercise of powers conferred by clause (b) of sub-section 1 the State Government directs the Board and in its absence itself takes over the control of an undertaking or where it appoints a managing committee under clause (b) of sub-section 2, it shall carry on such working or control on behalf of the licensee and at his risk and expense, receiving all payments due in connection with the undertaking and rendering to the licensee the balance of any of the net revenue derived therefrom. In the event of any loss occasioned or accruing to the State Government on account of the working of the undertaking, the same shall be debited to the undertaking. Where a sum is advanced by the State Government or the Board as the case may be, for the purpose of this section other than for working expenses, the same shall, notwithstanding the absence of consent of the licensee which consent shall not be unreasonably withheld, be deemed to be a loan secured on the assets of the undertaking as a whole and be subject to such terms of repayment as the State Government may prescribe." In view of the (Supply) Act.	It is not necessary to substitute the (Draft) clause as suggested in view of the remarks against Sl. No. 60. Provision may, however, be made whereby any advance made by the State Government for the purpose of this section other than that for the working expenses should be secured on the assets of the undertaking as a whole. It is therefore, suggested that the following may be added at the end of sub-section (4): " Where any sum or sums are advanced by the State Govt. for the purpose of this section other than that for meeting the working expenses of the undertaking, the same shall, notwithstanding, the absence of the consent of the licensee, be deemed to be a loan secured on the assets of the undertaking as a whole and be subject to such terms of repayment as the State Government may specify".

1	2	3	4	5
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
68	New 4B (5)	(5) *Whoever disobeys or neglects to comply with any requirement of an order made under clause (a) or impedes the exercise of any power conferred by clause (b) of sub-section (1) shall be punishable with imprisonment which may extend to six months or with fine or with both.*	Provision of sub-section 4B(5) may be suitably incorporated in Part IV under the heading " Criminal offences and Procedure".	This suggestion may be accepted and the sub-section transferred as a separate sub-section (2) under Section 42 of the Act.
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
69	New 4B (6)	(6) *No order made or action taken under the provisions of sub-section (1) shall be called in question by any Court, and no suit, prosecution or other proceeding shall be instituted against the State Government or any person for any thing done in good faith or purporting to be done under the said sub-section.*	Sub-section 46B(6) may be deleted as section 56 " Protection for acts done in good faith" already covers such a contingency.	While the provisions of Section 56 provide for the protection for acts done in good faith under the Act by any public officer or any servant of a local authority the proposed sub-section (6) of Section 4(B) provides for the protection of the State Government for acts done in good faith under the section. Further, it prohibits the courts from calling in question any action of the State Government taken under this section. This suggestion may not be accepted. This sub-section may, however, appropriately be shifted and incorporated as sub-section (2) under Section 56 of the Act.
			The Chairman (Chief Engineer and General Manager) M.P. Electricity Board.	
70	New 4B (6)	*Vide* serial No. 69 .	In sub-Section (6) proposed by the C.E.C. insert "or anything done under the sub-sections foregoing" between the words "sub-section (1) and "shall". Also insert "the Board, the management committee" between the words " Government" and "or".	*Vide* remarks against Serial No. 60. All orders in the matter are to be made by the State Government only under sub-section (1). The rest of the provisions relate to procedure.
			In view of the earlier provisions and the provisions of the (Supply) Act.	This suggestion may not be accepted.
			Chief Electrical Inspector to Government of Madras, Madras.	
71	5 & 6	*Vide* Serial No. 72 .	I do not see any reason for inserting penal provisions here. The appropriate place for all such would be under the general penal clause.	*Vide* Serial Nos. 68 and 69.

1	2	3	4	5
			Sri Krishan Chand, Secretary to Government U.P. Public Works (D) Department.	
72	5	Provisions where the licence of a licensee * * * * is revoked.	Since Section 5 of the Indian Electricity Act, 1910, also deals with the question of the revocation of licence it would be better if it is incorporated in Section 4. This suggestion merely involves the renumbering of the section.	The provision in the proposed Section 4 relates to the conditions under which a licence could be revoked. The proposed Section (5) on the other hand deals with the procedure for the revocation of the licence. The suggestion to amalgamate the sections may not be accepted.
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
73	5(I)(a)	Where the* *State* Government revokes*** the licence of a licensee *under section* (4)*** ....the following provisions shall have effect, namely:—	The words " if undertaking of the licensee..... in pursuance of clause(c)" may be deleted. The powers and obligations of the licensee whose licence is revoked should in any case cease by the date of revocation whether purchase is made or not. Those words do not, therefore, appear necessary, particularly when the proposed section 4B provides for interim management of an undertaking. Alternatively, the word "if" between "&" and "the" in line 8, Section 5 (1)(a) should be replaced by "whether or not".	With a view to safeguard the interest of the consumers and to maintain continuity of supply as far as possible, it would not be desirable to cease the powers and obligations of the outgoing licensee until the undertaking has been delivered to the prospective purchaser designated by the Government under the provisions of clauses (b) and (c) of the Act. This suggestion may not be accepted.
			The Chairman (Chief Engineer and General Manager) M. P. Electricity Board.	
		(*a*) The **State* Government shall serve a notice of the revocation upon the licensee*** and shall in the notice fix a date on which the revocation shall take effect, and on and with effect from that date, *if the undertaking of the licensee is sold to a purchaser in pursuance of clause (b) or is delivered to a designated purchaser in pursuance of clause (c), all the powers and liabilities of the licensee under this Act for the supply of energy shall absolutely cease and determine:*	In the sub-section as proposed by C.E.C. insert the words " after consultation with the Board" between the words "may" and "by". In view of the provisions of (Supply) Act.	*Vide* Serial No. 43. It has been recommended that the State Government should consult the Board at the time of revocation. The proposed amendment is therefore, not necessary for the purposes of this sub-section.

1	2	3	4	5
			Chief Electrical Inspector to Government of Madras, Madras.	
74	5(i)(b)	(*b*) *The State Govt. may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking, or a part thereof as the case may be.*	If the State Board does not opt to purchase, I feel the next choice should be to any local authority constituted for the area, and then the last choice only to any other person. This may be made clear.	It is not desirable in the interest of the consumers to follow the rigid procedure of giving priorities for the purchase of the undertaking as under the existing provisions. Under the proposed provision the State Government has the power to direct the licensee to sell the undertaking to any other person or the local authority and if the State Government is satisfied that the local authority is competent to undertake the business it could reasonably be presumed that the State Government would give preference to the local authority.
75	5(i)(b)	(*i*) *To the State Electricity Board, or when no such board has been constituted to the State Government itself.*	A new sub-clause (d) may be introduced to read as below: "Where a local authority takes over, the licence period will be the same as that in the original licence and not in perpetuity".	This suggestion may not be accepted.
76	5(i)(b)	(*ii*) *Where any other person or local authority, is willing to purchase the undertaking, to that person or local authority.*	I also consider, that it is better, to introduce a provision for limiting the lives of existing or new local authority licenses.	It is proposed to amend section 7 of the Act to limit the period of licences granted to local authorities as well (*vide* Serial No. 26 of the Statement of the proposed amendments to the Act). As regards the limitation of the period of the existing local authority licences it is doubtful whether it could legally be done. In this connection reference is invited to the provisions of Section 58 of the Act whereby nothing in the Act is to be deemed to affect the terms of any licence already granted.
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
77	5(i)(c)	(*c*) *Where the State Government issues any notice under clause* (*b*), *it may by such notice require the licensee to deliver and thereupon the licensee shall deliver by a date specified in the notice the undertaking to the designated purchaser pending the determination and payment of the purchase price of the undertaking.*	In order to improve the drafting, clause (i) and (ii) may be deleted and the following words may be added to sub-section (i)(b) " to the State Electricity Board or where no such Board has been constituted to the State Government or local authority or any other person willing to purchase the undertaking".	*Vide* Serial No. 75. The draft is in order and may be allowed to stand.
			(*i*) Proviso to this sub-section appears redundant, in its present shape. The words " Provided that" in the beginning may be substituted by the word " and" and the text kept continuous.	(*i*) The provision is required to be retained in the form of a proviso as it is a condition to be complied with by the purchaser before the undertaking is delivered to him.

1	2	3	4	5
			(*ii*) Also, the words "provided further that" from the lines 14 and 15, may be deleted and the remaining words beginning with "the payment....." may be kept as a continuous text in sub-clause (c). Once the purchase is complete there is no room for a proviso regarding the balance payment.	(*ii*) This suggestion may be accepted and the provisions in two provisos incorporated as two sub-clauses under the proviso.
			(*iii*) The following words may be added between the word "Licensee" and "a" in line 2 of the proposed proviso— " on or before the date of vesting". This suggestion is made because the time of payment of the advance sum is also necessary to be specified.	(*iii*) This suggestion may be accepted.
			The word "outgoing" before the word "licensee" occurring in this section may be deleted, because at some places the licensee who sells the undertaking has been called as "licensee" only and other places as "outgoing licensee" which confusion is needless. *Chief Electrical Inspector to Government of Madras, Madras.*	(*iv*) The suggestion may be accepted and the words "outgoing" deleted wherever it occurs.
78	5(i)(c)	*Provided that the purchaser shall pay to the licensee a sum not less than 25 % of the amount representing the difference between the amount properly incurred and incidental to the establishment of the undertaking and depreciation thereon as shown in the books of the licensee on the date of vesting, or 25% of the paid up share capital, whichever is less, at the time of vesting. Provided further that the payment of the balance of the purchase price together with the interest thereon at the rate of one percentum over the average of the Reserve Bank rate ruling between the dates of vesting and payment or tender of payment shall be made to the outgoing licensee within two years from the date of vesting, unless the purchaser and the licensee arrive at a mutual agreement to the contrary.*	The provision need not find a place in the Act. The provisions contained herein are matters of detail and are better included in the Indian Electricity Rules and terms of the license. The details given are in line with the definition of "original cost". So instead of elaborately explaining, against the words "original cost" may be inserted and the corresponding descriptions cut out.	These provisions are of a statutory nature and should only be subject to amendment by the Parliament and not by the Central Electricity Board. This should, therefore, appropriately find a place in the Act. The provision in respect of the purchase price have been borrowed from the Fourth Schedule to the E(S). Act. 1948 and may be retained

1	2	3	4	5
79	5(i)(d)	*(d) The purchase price of the undertaking or part thereof, as the case may be shall be such a sum as may be certified by an auditor or auditors appointed by the licensee and the purchaser by mutual agreement to have been the amount properly incurred on and incidental to the establishment of the undertaking or part thereof viz., all lands, buildings, works, materials and plant of the licensee suitable to and used by him for the purpose of the undertaking as the case may be less depreciation in respect of the period prior to the date of vesting on the scale below:*	In note that the reasons for the proposed amendment is that the existing clause (g) which is said to have been introduced at the last stage failed to serve its purpose. It is not known to which Select Committees report this refers to and how the clause has failed.	*Para 1.*—The Select Committee referred to was the one appointed to scrutinize the Indian Electricity Bill, 1910.
80	5(i)(d)(ii)		It should be made clear in the proposed sub-clause (d) that where licensee has failed, he shall be paid only, for the tangible assets and nothing for the intangibles. Otherwise, intangibles will get duplicated, *vide* Serial No. 45.	Even though the provisions of the existing clause (g) of sec. 5 authorizes purchaser of the undertaking belonging to a licensee whose licence has been revoked to work the undertaking pending completion of the sale, there is nothing in the Act which can prevent the affected licensee from embarrassing the prospective purchaser by refusing or delaying to deliver the undertaking for working. This position has been sought to be remedied in the proposed clause (c) of sub-section 5 (1).
81	5(i)(d) Proviso (ii)		In sub-clause (d)(i), add the words " depreciation" after the word " nil" for clarity.	*Para 2* : *Vide* serial No. 45
			The table at present appended to the Seventh Schedule is found to be very insufficient. I suggest an enlarged table may be included here.	*Para 3* : A dash (—) may be substituted for comma (,).
			The qualifications of the Auditor and the cost of auditing etc., are purely procedural matter and therefore are better left to the Indian Electricity Rules.	This suggestion can more appropriately be made at the time of amending the E. (S) Act, 1948.
		(i) for land owned under full title including the cost of clearing the site, nil. ; *(ii) for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948 the amount which would be produced by the end of the said portion of the prescribed period if during that portion an allowance were made annually on account of depreciation in accordance with provisions of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948.* *Provided that—* *(i) the purchase price shall not include any compensation in respect of goodwill* or any profits which may be or might have been made from the undertaking or of any similar consideration.		The provision is on the lines of section 69(2) and paragraph IV of the fourth schedule to the E. (S). Act and may be retained.

1	2	3	4	5
		(ii) the auditor or auditors appointed under clause (d) shall be qualified under the provisions of section 144 of the Indian companies Act, 1913 (VII of 1913) to act as an auditor of the companies.		
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
82	5(i)(d) Last proviso	*(iii) the auditors costs shall be shared equally by the purchaser and the outgoing licensee. Provided further that if the purchaser or the outgoing licensee is dissatisfied with the sum so certified, the matter shall in default of agreement between them be determined by arbitration as provided for under section 52 of this Act.*	*(i)* The following words may be added between the words " certified " and "comma" in line 4 of last proviso to this section " or about the inclusion or omission of any land, building, plant, material or any other work said to be suitable for the undertaking".	This suggestion may not be accepted as the purchase price to be certified by an auditor would include every asset which has been taken over by the purchaser.
			(ii) The words " as provided for under section 52 of this Act" appearing at the end of the same proviso may be deleted as they appear unnecessary because all cases of arbitration are already provided for under section 52.	The suggestion to delete the words "as provided for under Section 52 of this Act" may be accepted.
			The word " each" may be added between the words "fix" and "terms" in line 8 of section 5(2).	The notice is required to be issued under clause 5(i)(b) only. The reference t clause (c) may be deleted and the word 'notices' may be substituted by the word ' notice' and the words and (c) deleted.
			Chief Electrical Inspector to Government of Madras, Madras.	
83	5(2)	(2) When the* *State* Government revokes the licence *in whole or part thereof* of a local authority under Section 4 *** the **State* Government may **....* issue notices under provisions of clauses (b) and (c) of sub-section (1) and fix terms and conditions of sale as the* State Government thinks* just.	For the words " & fix the terms & conditions of sale" substitute the words " fix the terms of purchase price" since that seems to be the main issue.	As the local authority licensees are in a different position from other licensees it is necessary to empower the State Governments not only to fix the terms of purchase price but also the conditions on which the purchaser may take the delivery of the undertaking, *e.g.* proportion of immediate payment on transfer of the undertaking, period within which final payments are to be made etc.
84	5(2)			This suggestion may not be accepted.
85	5(3)(ii)	(3) *When a sale has been directed in pursuance of clause (b) of sub-section (1) then upon the completion of the sale, or upon the date on which the*		

1	2	3	4	5
		undertaking or part thereof as the case may be, is delivered to the designated purchaser in pursuance of clause (c) of sub-section (1) (*i*) ***.....** the undertaking *or part thereof as the case may be* shall vest in the purchaser* free from any debts, mortgages or similar obligations of the licensee, or attaching to the undertaking: Provided that any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking, *or part thereof as the case may be and*		
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
		(*ii*) the ***.....* rights, powers, authorities, duties and obligations of the licensee **..... ** *for whole or part the case may be under his license shall pass to the purchaser and he* shall be deemed to be the licensee *for whole or part of the undertaking as the case may be.* ***.....	This Clause shows that in case the State Government is the purchaser it becomes a licensee under the Act. The Government otherwise where it is running electricity supply undertaking is not a licensee in the terms of definition of "licensee" as given in Section 2(h). The present proviso may therefore, be retained. However, a provision may be made in the case of Electricity Boards as per Section 26 of the Electricity (Supply) Act, 1948, by which State-owned undertakings should also have similar obligations and exemptions.	The proviso whereby the licence ceases to operate when the State Government elects to purchase the undertaking was deleted in the I.E. Amendment (Draft) Bill, 1938, as the effect of the proviso was to indicate that a State Government could not be a licensee and was thus unable to exercise the powers of a licensee under the Act. This must have been done on the advice of the Ministry of Law. It is therefore for consideration whether the proviso should be reintroduced as suggested. If it is decided that the State Government should be a licensee under the Act the definition of the licensee would also have to be suitably amended. The State Electricity Boards are already deemed to be licensees for the purpose of the I.E. Act, by the virtue of the provisions of Section 26 of the E. (S) Act.
		(4) ***.....** if no *order for sale is made under clause (b) of sub-section (1) before the date fixed in notice under clause (a) of sub-section (1)*		

1	3	3	4	5
		as that on which the revocation shall take effect the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in much manner as he may think fit.		
86	6	Provided that if the licensee does not exercise such option within a period of six months from the date on which the same became exercisable the * *State* Government may forthwith cause the works of the licensee in, under, over, along or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from *any sum deposited or secured by the licensee under the provisions of the schedule or directly from* the licensee.	The heading of this section may be changed "Provision for the purchase of undertaking of local authority". Some of the steps relate to the period before the purchase and certain others after the purchase. The present language (Provisions where undertaking of a licensee, not being a local authority is *purchased*) would seem to cover only part-purchase steps. Definition of the word "Sanctioned Scheme" occurring in section 6(1) is considered necessary or at least the term may be more clarified. *Chief Electrical Inspector to Government of Madras, Madras.*	This suggestion may be accepted. The suggestion may be accepted and the words "a sanctioned scheme" substituted by the words "a scheme sanctioned under Section 29 of the E. (S) Act, 1948".
87	6(1)	Provisions where * *undertaking* of local authority is **purchased*.—(1) Where**..	Similar provisions for the State Electricity Department to take over, may be introduced.	Acceptance of the proposal will run counter to the spirit of the E.(S) Act.
88	6(2)	**a sanctioned scheme provides for a purchase by the State Electricity Board of a local authority licensee's undertaking the * State Government may*** * authority to sell, thereupon the local authority shall sell the undertaking to** *the State Electricity Board*, on such terms and conditions as the **State* Government thinks *fit.*	The words "and the purchaser shall be deemed to be the licensee" may be deleted as in case, the Board takes over, the Board is already a licensee under the Supply Act and if the State Department takes over, there is no need for a licence. *Chief Electrical Engineer, Madhya Bharat, Indore City.*	This suggestion may not be accepted. This suggestion may be accepted.
89	6(2)	(2) Where **a* purchase has been effected under sub-section (1) the**....* *licence of the local authority shall be deemed to have expired on the date of vesting, and the purchaser shall be*	The words "and the purchaser shall be deemed to be the licensee" at the end of Section 6(2) may be deleted as purchaser in this case will be the State Electricity Board which, according to section 26 of the Electricity (Supply)	*Vide* Serial No. 89.
90	6(2)			

1	2	3	4	5
		deemed to be the licensee.	Act 1948, is already a licensee for the whole State. In fact, if the above words are retained it will mean that the Board will be an ordinary licensee in place of the local authority, to whom sections 3 to 11, 21, 22, 23 and Schedules I and XII to the Indian Electricity Act, 1910 are also applicable, from which the Board is otherwise exempted.	
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
91	7	***Provisions where undertaking of a licensee, not being a local authority, is purchased.*	The Heading of this section may be substituted by "Provisions for purchase of undertaking of a licensee not being local authority". For this please see my comments against Serial No. 86 above. Reasons are identical.	This suggestion may be accepted.
			Shri S. S. Kumar, Punjab, P.W.D. Department, Electricity Branch.	
92	7(1)	(1) Where a licence has been granted to any person, *....* *the State Electricity Board* shall, on the expiration of such period not exceeding* *twenty* years, and of every such subsequent period not exceeding **ten* years, as shall be specified in this behalf in the license, have the option of purchasing the undertaking, and, if the ***State Electricity Board*,******..**** elects to purchase, the licensee shall sell the undertaking to the ** *State Electricity Board* on payment of the value of all lands, buildings, works, materials and plant of the licensee suitable to, and used by him for the purpose of the undertaking, other than a generating station declared by the licensee not to form part of the undertaking for the purpose of purchase** .....*	After the first proviso and " Provided further that any such percentage specified in the licence, shall not be added to any capital expenditure incurred by the licensee in excess of that allowed by the Electricity (Supply) Act, 1948 (Para XV of the Sixth Schedule) for which prior approval of the Board or the State Government has not been obtained or where the same has been refused. It is usually the tendency of a licensee to incur as much capital expenditure as possible, sometimes without proper consent of Government or Board, as the case may be, within the last two or three years of the licence with a view to getting the extra percentage, not exceeding 20%, in the form of goodwill premium. The proposed amendment is designed to safeguard the interest of Government or the Board in the case of payment of good-will on such unauthorised capital expenditure.	The incorporation of the provision as suggested would amount to the repetition of paragraph XV of the Sixth Schedule to the E.(S) Act, 1948. This suggestion may not be accepted.
93	7 (1)		*Chief Electrical Inspector to Government of Madras, Madras.* " Works" include plant and hence delete the words "& plant" occurring in line 12,	The word 'works' as defined under Section 2(n) includes electric supply lines and

1	2	3	4	5
			and introduce the word "and" after the word "works" in line 11 on page 24.	any buildings, machinery or apparatus required to supply energy. The word 'plant' according to the shorter Oxford Dictionery means fixtures, implements, machinery and apparatus used in carrying on any industrial process. Accordingly the insertion of the word 'plant' is necessary for the purpose of this provision. The word 'buildings' could, however, be deleted.
			I am not sure that " Material" used by a licensee would include Stores. Hence the clause should be reworded to include "Stores specifically usable for the undertaking" provision should also be made to exclude assets paid for originally by the consumers only.	The insertion of the words ' stores specifically, usable for the undertaking is not considered necessary as the intention of the suggestion is amply covered by the existing words 'materials and plant of the licensee suitable to and used by him for the purpose of the undertaking'. This suggestion may not be accepted.
			In old licences, the licensee had to declare whether a generating station forms part of the licence or not. The present wording would suggest that the option, to declare, is available at any time for new licences. This is not good. They should not be given a choice to declare at time of purchase.	Vide Serial No. 71 of the statement of the proposed amendments to the Act, it is proposed that the service line should be laid by the licensee at his own cost, *i.e.*, free of cost to the consumer. In view of the above proposal it is not necessary to make a provision as suggested.
		(2) *The purchase price of the undertaking shall be such a sum as may be certified by an auditor or auditors appointed by the State Government in this behalf, to have been the amount properly incurred on and incidental to the establishment of the undertaking less depreciation in respect of the period prior to the date of vesting on the scale below:* (*i*) *for land owned under full title, including the cost of clearing the site—nil.* (*ii*) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the amount which would be produced by the end of the*		Vide Serial No. 14 of the statement of the proposed amendment to the Act, it is proposed to delete the provisions entitling the licensee to declare whether his generating station is to form part of the undertaking or not for the purpose of sale. It is, therefore, suggested that the words 'other than a generating station.....for the purpose of purchase' occurring at the end of Section 7(1) should also be deleted to conform with the proposal against Serial No. 14 ibid.

1	2	3	4	5
		said portion of the prescribed period, if during that portion an allowance were made annually on account of depreciation in accordance with provisions of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948.		
94	7(2)	Provided *that there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty per centum on that value as may be specified in the licence, on account of compulsory purchase.	The words "original cost" has been defined. Its main use comes in, in these clauses regarding purchase. So the words should be utilised here. After the word " nil" add the word "depreciation" for clarity.	*Vide* Serial No. 78. The intention is quite clear. This suggestion may be not accepted.
95	7(2)(i)	*Provided also that:*		
96	7(2)	*(i) the auditor or auditors appointed under sub-section (2) shall be qualified under provisions of section 144 of the Indian Company's Act, 1913 (VII of 1913) to act as auditor of companies.*	In the second proviso, in sub-clause (ii) and (iii) add 'the State Electricity Department" after the words the "The State Electricity Board".	Sub-section (3) of Section 7 provides that if the State Government purchases an undertaking under sub-section (3) all the provisions under subsections (1) and (2) will be applicable. This suggestion may not be accepted.
		(ii) the auditors costs shall be shared equally by the State Electricity Board and the licensee,		In this connection it is for consideration whether the State Government should at all engage in the business of electricity supply when the E. (S) Act, 1948 in tends that after its coming into force the State Electricity Board and not the State Government is to engage in the business of electricity supply. If it is decided that the State Government should not engage in the business of electricity supply it would be necessary to suitably amend Sections 5, 7 and other relevant sections.
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
97	7(2) Proviso (iii)	*(iii) if the State Electricity Board or the licensee is dissatisfied with the sum certified by the auditor or auditors, as the case may be, the matter shall, in default of agreement between them be determined by arbitration as provided in Section 52.*	Additions suggested to the last proviso to sub-section 5(i)(d) in serial No. 24 may be incorporated also in proviso (iii) to section 7(2). Remarks against Proviso to Section 5 (1d) are reproduced below:— The words "as provided for under Section 52 of the Act" appearing at the end of the same proviso may be deleted as they appear unnecessary because all cases of arbitration are already provided for under Section 52.	*Vide* Serial No. 82.

1	2	3	4	5
			Chief Electrical Engineer, Madhya Bharat, Indore City.	
		(3)**Where a *State* Electricity Board has not been constituted, the * State Government shall have the like option *to purchase* *on * like terms and conditions.	(*i*) The word "they" in line 5 of sub-section 7(4) may be substituted by the words "the State Electricity Board or State Government as the case may be". (*ii*) Also the word "their" in line 8 may be replaced by the word "its".	The word "it" in line 5 may be substituted for the word "they" and the word "its" in line 8 may be substituted for the word 'their'.
			In Section 7(5) word "it" should be substituted in place of "the designated purchaser".	This suggestion may be accepted.
			The word "outgoing" before the word "licensee" occurring in the proviso to sub-section 7 (5) may be deleted. For this also see my item 16 above.	
			Chief Electrical Inspector to Government of Madras, Madras.	
98	7(4)	(4) *Where the State Electricity Board or the State Government has elected to purchase the undertaking under this Section, they shall serve upon the licensee a notice in writing of not less than two years of their having elected to purchase. Provided that where the State Electricity Board has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under Sub-section (1) at least twenty-seven months before the expiry of any of the periods referred to in Sub-section (1).*	The two provisos under this Section are purely procedural. They are better included under Indian Electricity Rules only.	*Vide* Serial No. 78.
99	7(5)			
100	7(5)			
			The Chairman (Chief Engineer and General Manager) M. P. Electricity Board.	
101	7(5)	(5) *Where the State Government or the State Electricity Board having elected to purchase, issues a notice under sub-section (4), the licensee shall deliver the undertakings on the day of the expiry of any of the periods*	No change in the proposed amendment except in the proviso to Sub-section (5) "20%" may be substituted for "25%".	25 percent is not considered too high a percentage for immediate payment to the outgoing licensee.
102	7(6)(b)		25% seems to be excessive.	This suggestion may not be accepted. The provision is similar to that made under section; when the undertaking is

1	2	3	4	5
		referred toin sub-section (1) to the designated purchaser pending determination and payment of the purchase price of the undertaking.	*Chief Electrical Inspector to Government of Madras, Madras.* *Last proviso.* Delete the proviso " provided that when the State Government..... is concerned, cease to have any further operation" and add the following: " On such purchase, the licence shall cease to have any further operation". It may be noted that Section 7 applies to purchase by Government or Board. The latter is a licensee already and the former does not require a licence. In both cases, the old licence has no value. *Chief Electrical Engineer, Madhya Bharat, Indore City.*	transferred on revocation of the licence. This suggestion may not be accepted. This suggestion may be accepted and the proviso deleted. In this connection however, remarks against Serial No. 85 may be seen.
103	7(6)(b)	*Provided that the purchaser shall pay to the licensee a sum not less than 25% of the amount properly incurred on and incidental to the establishment of the undertaking less depreciation thereon as shown in the books of the licensee on the date of vesting or 25% of the paid-up share capital whichever is less, at the time of vesting.*	This Clause may be deleted because the State Electricity Board is already a licensee; the State Government will have similar oli g ations and exemptions a per para. 2 of Serial No. 8. *Chief Engineer Bihar (Electricity Department).*	*Vide* Serial Nos. 85 and 102.
104	7	*Provided also that the payment on the balance of the purchase price together with interest thereon at the rate of one percentum over the average of the Reserve Bank rate ruling between the dates of vesting and payment or tender of payment, shall be made to the outgoing licensee within two years from the date of vesting unless the purchaser and the outgoing licensee arrive at a mutual agreement to the contrary.*	The old provision in the I.E. Act of the purchase value at fair market price is more equitable. The proposed amendment as well as the Supply Act 1948 have provided that the purchase value should be Book Value less depreciation. If valuation is made on such a basis, the licensees who had been operating for a period of over years or so, would hardly get anything for their undertaking. Even the break-down value of the materials (forming the assets of the company) of the undertaking would fetch more than the Book Value less depreciation. The proposer of the amendment has agreed that	The depreciated book value basis has definiteness and has therefore, to be preferred to fair market value basis which is dependent upon various varying factors. This suggestion may not be accepted. In this connection it may be pointed out that the British Electricity Authority also while acquiring undertakings adopted the net book value basis, as it was considered to be the only practicable basis. Also *vide* remarks in column 6 at page 24 of the statement of the propsed amendments to the Act.

1	2	3	4	5
			the price is being given as an undertaking as whole and not a market a value of the individual items of plants and materials. But this argument does not seem to be correct as the Book Value of individual materials and plants less depreciation will be considered and not the price of the undertaking as a going concern and bringing ready revenue to the purchaser. It would have been much more equitable, if the purchase price is kept either at fair market price as provided in the I.E. Act 1910 or based on the intrinsic value of the undertaking in its capacity to earn revenue and to yield satisfactory financial return. Otherwise the licensees would not be interested to maintain their equipments and installation in proper order as they would know that whatever the condition of the equipments etc., at the time of the sale will be, they are to get book value less depreciation (which values are prefixed and not alterable). Result will be that when the undertaking is taken over it is nothing more than a scrap purchased more or less at scrap value and the purchaser has to rebuild the whole thing over again which is not only uneconomical but generally causes inconveniences to the existing consumers.	
		(6) Where a purchase has been effected under Sub-section (1) or Sub-section (3)—	Solatium upto a maximum of 20% has been allowed; this will no doubt to give some relief to the licensee but this is not likely to be much if the solatium is based on the depreciated book value of the undertaking.	
		(*a*) The undertaking shall vest in the purchasers free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking.		
		Provided that any such debts, mortgages, or similar obligations shall attach to the purchase money, in substitution for the undertaking; and	In the circumstances, provision in the Supply Act at Book Value less depreciation appears to affect adversely not only to the seller of the undertaking but also to the buyer as stated above. So before Indian Electricity Act is amended on this issue, the Supply Act requires also to be amended. The provision in the Supply	
		(*b*) save as aforesaid the license shall remain in force, and the purchaser shall be		

1	2	3	4	5
		deemed to be the licensee. Provided that *when the *State Government elects to purchase under sub-section *(3) the license shall after purchase in so far as the * State Government is concerned, cease to have any further operation.	Act may be in order when large undertakings like Madras, Cawnpore, Calcutta or Patna are concerned but this provision is not suitable for smaller undertakings which we are taking over or other Governments may take over. So a suitable amendment of this section requires to be provided so as to suit different classes of undertakings. I am not proposing any amendment on this section, as this would require the amendment of the Supply Act itself but I bring this point to the notice of the Central Government for their consideration. *Chief Electrical Engineer, Madhya Bharat, Indore City.*	
105	8	8. **Provisions where no purchase and license revoked with consent of license.**— Where on the expiration of any of the periods referred to in section 7, sub-section (1), neither a local authority nor the *State Government purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit. Provided that, if the licensee does not exercise such option within a period of six months, the *State Government may proceed to take action as provided in Section 5 Sub-section 4** proviso:	The words "a local authority" in lines 6 and 7 in column 7 may be substituted by the words "the State Electricity Board". This is consequential to amendment to sub-section 7(1). *The Chairman (Chief Engineer and General Manager). M.P. Electricity Board.*	This suggestion may be accepted.
106	11		For Sub-section (1) the following may be substituted:— "Every" licensee shall, unless expressly exempted from the liability by his	Under section 75(3) of the E. (S) Act, 1948, the Board is already empowered to call for the accounts and other information from the

1	2	3	4	5
			Licence or Sanction or by order in writing by the State Government, prepare and render to the State Government, through the Board where one is constituted for the State on or before the prescribed date in each year, an annual statement of accounts of his undertaking made up to such date, in such form and containing such particulars as may be prescribed in this behalf. This shall be in addition and without prejudice to submission under Sub-section (3) of Section 75 of the (Supply) Act, of such information and accounts in such form and manner as the Board may, by notice, specify and require of the licensee". In view of the (Supply) Act. *Chief Electrical Engineer, Madhya Bharat, Indore City.*	licensees for the purposes of exercising control over the financial operations of their undertakings. Requiring the sanction holders to submit their accounts to the State Government, depends upon the extent of electricity business which they undertake. In case a sanction holder supplies power to a small number of consumers, the State Government may not like to force him to maintain separate account. This suggestion may not be accepted.
107	12(1)	12. **Provisions as to the opening and breaking up of streets, railways and tramways.—** (1) Any licensee may, from time to time but subject always to terms and conditions of his license, within the area of supply, or, when permitted by the terms of his license to lay down or place electric supply-lines without the area of supply, without that area; (*a*) open and break up the soil and pavement of any street, railway or tramway; (*b*) open and break up of any sewer, drain or tunnel in or under any street, railway or tramway; (*c*) lay down and place electric supply lines and other works ; (*d*) repair, alter or remove the same; and (*e*) do all other acts necessary for the due supply of energy.	The words " or other works" may be inserted between the words " supply line" and " without" in line 8 of sub-section 12(1). *Chief Electrical Engineer, Madhya Bharat, Indore.*	This suggestion may be accepted.
108	12(1) Proviso (i)	*Provided that—* *(i) the licensee shall not exercise the powers conferred by this Section except for the purpose of establishment*	(*i*) The word " electric" in line 5 of this proviso may be deleted because the word energy has been defined as electrical energy	The incorporation of this provision is necessary to make it clear to the licensee that the rights which he secures under sub-section (1) are

1	2	3	4	5
		and maintenance of supply of electric energy.	in section 2(g). (*ii*) in fact, the above proviso does not appear necessary in view of the wording of the clauses a, b, c & d of this sub-section and may therefore, be deleted and the other provisoes re-numbered. *Chief Electrical Inspector to Government of Madras, Madras.*	only intended for the purposes of establishment and maintenance of supplying energy and not for any other purposes. For example, this provision will prevent him from erecting a small hut for a chowkidar or so, which is not necessary for the purposes of maintenance of supply of energy.
109	12(1)	(*ii*) *the licensee shall not acquire any right other than that of user only in the property under, over, along across, in or upon which the licensee places any electric lines or works.*	After the words 'any licensee' add the following "for purpose of establishment or maintenance of electrical energy" and delete provison (1). *Chief Electrical Engineer, Madhya Bharat, Indore.*	The draft is in order and may be retained.
110	12(1) Proviso (iii)	(*iii*) *the licensee shall have due regard to the effect, if any, of the establishment of the electric lines or works in the manner proposed, on the value of the land or any other considerations that may be necessary, before establishing the electric lines and works.*	The term " due regard" in this proviso may be more clarified. *Sri Krishan Chand, Secretary to Government U.P. Public Works (D) Department.*	It is not possible to clarify the expression ' due regard as this will depend upon the circumstances of each case. This suggestion may not be accepted.
111	12(1) Proviso (iii)	(*iv*) *the licensee shall cause as little damage as possible in the exercise of his powers and shall pay full compensation whether lumpsum, or annual rent, or both to all persons interested for any damage sustained by them. If any dispute arises as to the sufficiency of compensation to be paid, or as to the persons entitled to receive such compensation or as to the proportion in which the persons interested are and entitled to share in it, the District Magistrate or in a Presidency Town the Commissioner of Police, on application of either of the parties to the dispute, shall fix the amount of compensation or of annual rent or of both and shall determine*	The following words may be added at the end of this proviso:— " in case of difference or dispute the matter shall be referred to the District Judge". *Chief Electrical Engineer, Madhya Bharat, Indore.*	The point raised is already covered by the provisions in proviso (iv).
112	12(1) Proviso(iv)		The word " and" in line 14 of this proviso may be deleted. This would improve drafting. *Chief Electrical Engineer, Government of Mysore, Bangalore-1.*	Printing error to be corrected.
113	12(1) Proviso(iv)		In place of the words " full compensation" read " reasonable compensation". *Chief Electrical Enginer, Government of Mysore, Bangalore.*	It would be advisable to delete the word " full" to avoid controversies.
114	12(i) Proviso (v)		At the end of the words" removed or altered" insert the words " if such removal or alteration is practicable without detriment	The words " or works" may be added after the words 'electric supply lines'. The acceptance of the suggestion would tantamount to

1	2	3	4	5
		the persons entitled to receive such compensation and the proportion in which the persons interested are entitled to a share in it.	to the public good". (Remarks : It may not always be either practicable or in the interests of public benefit to remove or alter the position of an electric line ; hence, this modification is suggested). *Chief Electrical Engineer, Government of Saurashtra, Rajkot.*	denying the owner the rights and privileges for using this property in any manner he likes even after reimbursing the licensee the charges incurred in effecting alteration, deviation or removal of the electric supply line or works. This suggestion may not be accepted.
115	12(1) & its Proviso (ii), (iv) & (v)	(*v*) *** if at any time the owners or occupiers of any building or land on which any *** *electric supply line or works have been* **laid by the licensee* shows sufficient cause, the District Magistrate, or in a Presidency town the Commissioner of Police may by order in writing direct *such**** *electric supply line* to be removed or altered.	In the sub-section 12(1) the words "supply lines" should specifically include service lines. The need of this section is more for service lines and small distributors. Legal opinion is that supply lines means main lines of Licensee. Proviso (ii) mentions overhead electric lines. This eliminates application of this section for underground cables. In one case legal opinion was against application of this sub-section for underground cable. This sub-section should also include underground cable also under the ground. In the proposed amendment (addition) new provisos (iv) & (v) it may be added that "District Magistrate or his nominee not below the rank of Deputy Collector". With this amendment delay due to reference to District Magistrate can be avoided. *Sri Krishan Chand, Secretary to Government U.P. Public Works (D) Department.*	"Service line" as defined under Section 2(1) means any electric supply line. This suggestion may not be accepted. Proviso (ii).—The word "supply" may be added between the words "electric" and " lines" wherever it occurs. The word "electric supply line" as now proposed to be defined ***vide*** Serial No. 4 of the statement of the proposed amendments to the Act will cover underground supply lines as well. Proviso (iv) and (v).—As this is a matter of details, the suggestion may not be accepted.
116	12(1) Proviso (vi)	(*vi*) *When any Local authority considers it expedient or necessary that the position of an electric line or works laid in or upon any property vested in or under the control or management of a local authority, should be altered or removed, the local authority may require the licensee to alter or remove these, and in the event of a dispute arising between a local authority and a licensee it shall be determined by such officer as the State Government may appoint either*	This deals with the alteration of the position of an electric line or works laid in or upon any property vested in or under the control or management of a local authority. Equity demands that where this alteration has to be carried out at the instance of the local authority it should be required to foot the bill of such alterations.	The proviso does not refer to the payment of the cost of alterations. The cost of alterations or removal of lines is covered under sub-section (4).
117	12(1) Proviso (vi)		*Chief Electrical Engineer, Government of Mysore, Bangalore-1.* After the sentence ending " in this beahalf", add the following additional sentence " The licensee shall be entitled to reasonable compensation in respect of any such alteration or	*Vide* Serial No. 116.

1	2	3	4	5
		generally or specially in this behalf.	removal demanded by a local authority." (Remarks: Cases may arise where an electrical transmission or distribution line is already in existence on public land which is later brought under the control of a local authority, who may then insist on the removal or alteration of the line involving great cost to the licensee. In such cases, the licensee should be entitled to reasonable compensation). *Chief Electrical Inspector to Government of Madras, Madras.*	
118	12(1) Proviso (ii) to(vii)	*(vii) Nothing in this Sub-section shall affect the right of a person to recover by civil suit the whole or any part of any the compensation paid by a licensee from the person who has received it.*	The provisions included, would indicate, that the section will apply to private lands as well. The heading clearly, specifies that the provision is for opening and breaking up of streets, railways and tramways. The provisions regarding private lands may be put under a separate section. *Chief Electrical Engineer, Madhya Bharat, Indore.*	This suggestion would be covered if the heading is amended as under:— " Provisions as to the opening and breaking of street railways, tramways and private lands". It would be better to incorporate sub-clauses (v), (vi) (vii) under the proviso as sub-sections and not as sub-clauses.
119	12	(2) *No licensee shall place any overhead electric line or works, on, over, across any land covered by buildings or used as a pleasure ground or as a pleasure garden or undermined by subterranean excavation, where-*	The word " supply" may be inserted between the words " Electric" and "Line" whenever they occur in this Section because the term " Electric Supply Line" has been defined and not " Electric Line" in Section 2(f).	Vide Serial No. 115. This suggestion may not be accepted.
120	12(2)	*on or wherever any electric supply lines or works have not already been lawfully laid down or placed by such licensee, without the consent of the local authority or of the owner and occupier concerned as the case may be:*	(*i*) The words " overhead electric line" in line 2 of sub-section (2) proposed, may be replaced by the word " aerial line" which has been defined in section 2 of the Act. (*ii*) Also, insert word 'other" between words " or" and " works" in the same line.	The word " overhead" may be deleted as it is intended that the licensee should be able to exercise the same powers in respect of underground lines as in the case of overhead lines. Aaeral gards 'the words " ri lines" this is being replaced by the word " overhead line" Vide Serial No. 3. The word " other" may be added before the word " works" wherever it is appropriate.
121	12(2) 1st proviso	*Provided that if any dispute arises in regard to the arrangement or terms and conditions connected with such consent the District Magistrate or in a Presidency town the Commissioner of Police, as the case may be, shall on application of either of any of the parties to the dispute*	The words "either of" in line 9 of proviso to sub-section 12(2) may be deleted.	This suggestion may be accepted.
122	12(2)		*Chief Electrical Inspector to Govt. of Madras, Madras* The old wording appears better and can be allowed to remain.	Under the provision of this sub-section a licensee is empowered to lay his lines or works without obtaining consent of the owner etc. and without settling the question

1	2	3	4	5
		order the arrangement or the terms and conditions of such consent as he deems fit. *Provided frurther that in the event of a dispute arising between a local authority and a licensee it shall be determined by such officer as the State Government may appoint either generally or speeially in this behalf.*	Provision should also be made to obtain permission in case nature of the line alters. The first proviso to the existing section 12(2) may be reintroduced, confining the provisions to Stays and Streets.	of compensation if they are to be laid across any private open laid as mentioned in the proposed section 12(2). This provision is considered necessary to avoid inordinate delays in laying lines by the licensee even across the idle private lands, fields which are not likely to be affected much by the presence of the lines. The suggestion in para 2 may be accepted in equity to the land owners in case the voltage of the line is to be increased say from M. V. to E.H.V.
			Sri Krishan Chand Secretary to Govt. U.P. Public Works(D)Department.	The suggestion in para 3 may be accepted.
123	12(2)	(3) *Where any licensee has under any terminable agreement or arrangement placed above or below ground, any eletric line or other works which would have been so placed under the provisions of the Indian Electricity Act 1910, or the Indian Telegraph Act, 1885 the licensee may, notwithstanding termination of such agreement or arrangement retain the line or other works as the case may be in position on the same terms and subject to the same conditions as were preivously applicable thereto.*	A further proviso may be added as under, to the revised sub-section :-- "Provided further that after intimation to the owner in writing, the licensee, if he does not receive any reply within 14 days from the owner may lay his mains without waiting for any consent of the owner. *Chief Electrical Inspector to Govt. of Madras.*	With a view to expeditious execution of works some sort of provision may be made. The licensee should not be allowed to execute any work if he does not receive any consent from the owner within the stipulated period. It would be desirable to provide for the licensee to refer matters to the District Magistrate and securing his consent before going ahead with the excution of the works if the consent of the owner is not forthcoming within 30 days of the service of the notice to the owner.
124	12(3)	*Provided that where the party or parties to the original agreement or arrangement or the occupier of the land, as the case may be object to the terms of the agreement or arrangement existing or previously existing, the party or parties to the original agreement or the occupier of the land, as the case may be, may, if no settlement satisfactory to the above party or parties or to the occupier can be made with the licensee refer the matter, to the District Magistrate or in a presidency town the Commissioner of Police and the District Magistrate or the Commissioner of Police*	The provison seems most unfair to the land owner. To get temporary rights under a terminable agreement which would never have been conceded on a permanent basis and then to stick on under statutory powers would be very unfair. *Chief Electrical Engineer, Madhya Bharat, Indore.*	The pvovision is meant to get over the legal difficulties in cases where the period of the agreement has expired and where the land-owner does not bother about the renewal of the agreement as long as he is not affected.
125	12(3) proviso		Words "or arrangement" between words "agreement" and "or" in line 9 of this proviso may be added.	The privision to this sub-section gives powers to the land owner to negotiate for altering or amending the terms of the original agreement. In case of the failure of negotiations he can refer the dispute to the Dist. Magistrate or to Commissioner of Police as the case may be. The interests of the land owner are, therefore, well safe guarded. This suggestion may be accepted

1	2	3	4	5
		as the case may be, may order that the arrangement or agreement existing or previously existing may be altered or amended.		
126	12(4)	(4) *Where any licensee has under any agreement or arrangement placed above or below ground any electric line or other works which would have been so placed under the provisions of the Indian Electricity Act* 1910, *or the Indian Telegraph Act*, 1885, *and the party or parties to such agreement or arrangement or their successors or the occupier of the land as the case may be object to the presence of the line or to the presence of any of the poles or other works associated therewith on the grounds that such line or other works, as the case may be would seriously interfere with the construction of a proposed buildings, mine, well or water course, the objecting party or parties may, if no satisfactory.*	*Chief Electrical Inspector to Govt. of Madras, Madras.* Unless the licensee first obtains the powers and then places his lines, to give retrospective effect to such lines seems wrong.	A licensee is expected to enter into some agreement with the land owners even in cases where he may not have obtained prior consent for laying the lines. In equity he is expected to regularise his own position with respect to the land owners. There seems to be nothing wrong in it.
127	12 (4)		To force the landowners to reimburse the licensee in case of alteration or deviation of lines would be most unfair. I wonder whether this would not conflict with fundamental rights under the Constitution to deprive owners of the rights over their land for ever in this manner. The licensee either pays no compensation or pays a nominal rent in the first instance but the deviation would cost quite a lot and so he will have to pay for more than he even received for freeing his own land for his own use.	The provision for payment of compensation for alterations and additions is in accordance with the existing section 14(3) of the Act. This provision has worked well so far and there is no reason why this provision should now be changed.
128	12(4)	*settlement can be made with the licensee, refer the objection to the District Magistrate or in a Presidency town the Commissioner of Police and the District Magistrate or the Commissioner of Police as the case may be, may if he considers the objection reasonable, order that the line or any of the other works as the case may be, be removed or altered, when making an order the District Magistrate or the Commissioner of Police may also order the objecting party or parties to re-imbruse the licensee in respect of all or such part of costs and charges incurred in effecting any alteration, deviation or removal of the line or lines or other works that may be associated therewith as he considers fit.* *Provided that on being advised as to any such order of the District Magistrate or the*	*Chief Electrical Engineer, Madhya Bharat, Indore.* The words "sub-section (3) or sub-section (4)" may be added after the words "sub-section (2)" in line 3 in new sub-section (4) of this section, in order to allow for the appeal against the decisions of District Magistrate under these sub-sections also.	This suggestion may be accepted.

1	2	3	4	5
		Commissioner of Police as the case may be the objecting party or parties may nevertheless elect to retain the line in its existing position upon the original terms or, where application has been made for a revision of the original terms, upon such revised terms and conditions as the District Magistrate or the Commissioner of police by order in writing so directs.		
129	13(1)(*f*)	**Notice of New work :—** 1(*f*) Where the works to be executed consist of the laying of any underground service-line immediately attached, or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be, not less than** *four days* notice in writing of his intention to execute such works ; *Notwithstanding the provisions of this subclause, the licensee.*		
		Add a new section 14A as under *Compensation to Licensees arising out of Development Works* :—		
130	New 14A	"14 A. *Where any person undertakes any development works which render useless, inaccessible or not readily accessible any works of a licensee in, on, under or over any public placed where such works have been lawfully placed by a licensee, such person shall compensate the licensee for the cost of moving, altering, replacing or extending his works in a manner reasonably necessary.*"	The word "or Improvement" may be inserted between words "Development" and "works" in the heading and in line 3 of the text of this section. Sometimes these works are called "development works" and sometimes "Improvement Works" hence the suggestion.	This suggestion may be accepted.
131	New 14A	*Provided that the licensee shall not be entitled to any compensation on account of cost of betterment or loss of revenue arising out of such alteration or replacement of works.* *Provided further that in the event of any difference or dispute as to the*	*Chief Electrical Inspector to Govt. of Madras, Madras.* I am not sure the heading "Development of works" is expressive enough. A more appropriate heading may be thought of.	*Vide* Serial No. 130.

1	2	3	4	5
		payment of the amount of compensation or any other matter, it shall be determined by arbitration.		
			The Chairman (Chief Engineer and General Manager) M.P. Electricity Board.	
132	18	..	In sub-section (1) insert the words "after consultation with the Board" between the words "Government" and "has". In view of the (Supply) Act.	Usually the methods of constructions are approved by the Inspector to whom the powers are delegated under Section 55 with a view to ensure that such methods comply with the safety provisions of the I.E Act and the Rules. This suggestion may not be accepted.
			Shri S. S. Kumar, Punjab, P.W.D., Electricity Branch.	
133	20 (2)	(2) " A licensee or any person auuthorised as aforesaid may ****** ***** *at any reasonable time and on informing the occupier of his intention,* enter any premises to which energy is or has been supplied, or is to be supplied by him, for the purposes of examining and testing the electric wires, fittings, works and apparatus for the use of energy belonging to the consumer".	Delete the word "and" in the 4th line and add the words "and with his consent" between the words "intention" and "enter" in the 5th line. This is necessary as the licencee should obtain the consent of the occupier before entering any premises as otherwise it will amount to tresspass on his part.	From the provisions of the proviso to this Section consent is implied. This suggestion may not be accepted.
			The Chairman (Chief Engineer & General Manager) M. P. Electricity Board.	
134	20 (2)		In Sub-section (1) please insert the words "or is to be supplied" between the words "supplied" and "by"; and delete the No. (1) of the Sub-section. Section 20(2) as proposed to be amended by the C. E. C. approximates very nearly Section 20(1), and may be dropped.	This suggestion may be accepted. Sub-section (1) provides for the entry for the purpose of inspection and testing and removal of apparatus and meters for supply of energy belonging to the licensee. Sub-secrion (ii) on the other hand provides for entry for the purpose of inspection, testing of consumers installation. This suggestion [in sub-sec. (*ii*)] may not be accepted.
		Provided that where a consumer refuses to allow a licensee or any other person authorised by him to enter his premises the District Magistrate or in a Presidency town the Commissioner of Police on application of the licensee may, by order, direct the consumer to permit the licensee or any other person authorised by him for the purpose aforesaid.		
135	21 (1)	21. **Restrictions on licensee's controlling or interfering with use of energy :—** (1) A licensee shall not be entitled to prescribe	*Chief Electrical Engineer, Govt. of Mysore, Bangalore.*	

1	2	3	4	5
		and special form of appliance for utilising energy supplied by him, or save as provided by Section 23, sub-section (2), or by section 26, sub-section (7), in any way to control or interfere with the use of such energy: Provided that no person may adopt any form of appliance, of use the energy supplied to him so as unduly or improperly to interfere with the supply by the licensee of energy to any other person.	The proviso under this clause may be modified to read as under : "Provided that no person may adopt any form of appliance or use the energy supplied to him in such a way as unduly or improperly to interfere with *the electrical performance or safety of the licensee's equipment* or with the supply of energy by the licensee to any other person." (Remarks : The words underlined have been added as they are considered important. For instance, if a consumer instals large mercury are rectifiers without at the same time installing smoothing equipment or filter circuits, the harmonics generated in the rectifier would be fed back into the licensee's system and create undesirable effects. Similarly, if a consumer instals unstandard high-voltage equipment or fails to co-ordinate his equipment with that of the licensee, dangerous voltages may be fed into the licensee's supply system. The clause has been modified in order to give the licensee a voice in such cases.)	This suggestion may be accepted.
		(2) Where any difference or dispute arises as to whether a licensee has prescribed any appliance or controlled or intefered with the use of energy in contravention of sub-section (1), the matter shall be either referred to an electrical Inspector and decided by him or, if the licensee or consumer so desires, determined by arbitration.		
		21-A. *Power of licensee to make conditions for regulating his relations with consumers :*		
136	New 21A	(1) **.....** *Every* licensee *shall with the previous sanction of the **State* Government given after consulting the local authority where the licensee is not the local authority, make conditions not in consistent with this Act	*The Chairman* (Chief *Engineer & General Manager*) *M. P. Electricity Board.* In sub-section (1) as proposed by the C.E.C. insert "the Board and" between the words "consulting" and the".	As the State Electricity Board is a licensee, this suggestion may not be accepted.
137	New 21A	*or any otl er enactment*	*Chief Electrical Inspector to Govt. of Madras, Madras.* I do not see any reason why a local authority should be	The Local Authority ought to be consulated as it is the

1	2	3	4	5
		in force or with his license or with any rules made under this Act, to regulate his relations with persons who are intended to become consumers and may with the like sanction given after the like consultation add to or alter or amend any such conditions ; and any conditions made by a licensee without such sanction shall be null and void : Provided that any such conditions made before the 23rd day of January 1922 shall, if sanctioned by the *_State_ Government on application made by the licensee before such date as the *_State_ Government may, by general or special order, fix in this behalf, be deemed to have been made in accordance with the provisions of this sub-section (2). The *_State_ Government may after the like consultation, cancel any condition or part of a condition previously sanctioned under sub-section (1) after giving the licensee not less than one month's notice in writing of its intention so to do.	consulted, I suggest the reference to local authority may be deleted but provision may be made for consulting the State Electricity Board, if one is constituted.	established representative authority of the public in its area. As regards the consultation with the State Electricity Board, remarks against Serial No. 136 may be seen.
138	22	**Obligation on licensee to Supply energy :** Where energy is supplied by a licensee, every person within the area of supply shall, except in so far as is otherwise provided by the terms and conditions of the license, be entitled, on application, to a supply on the same terms as those on which any other person in the same area is entitled in similar circumstances to a corresponding supply.	*Chief Electrical Engineer, Govt. of Mysore, Bangalore-1.* After the words "except in so far as ..... of the license' insert these additional words "and subject to the availability of sufficient energy in the licensee's equipment". (Remarks : This is necessary because, clearly a consumer should not be entitled to demand power where it is not available owing to shortage of equipment such as generators, transformers, copper wire, etc.).	The licensee should not be empowered to refuse the supply when a requisition is made by an applicant, as such a provision, if made, would lead to frivolity on the part of the licensee in addition to being detrimental to electrical development. Where a licensee is incapable of meeting the requisition of an applicant within the specified period of one month as laid down in Clause VI of the Schedule to the Act due to shortage of capacity on his distributing mains, he is allowed adequate time to augment the mains.

1	2	3	4	5
				As regards the generator and transformer capacity, the licensee must look ahead and plan accordingly. This suggestion may not be accepted.
			Sri Krishan Chand, Secretary, to Govt., U.P., Public Works (D) Department.	
139	22	Provided that no person shall be entitled to demand or to continue to receive, from a licensee a supply of energy for any premises having a separate supply unless he has agreed with the licensee to pay to him such minimum annual sum as will ******** *in the aggregate* give him a **return not exceeding* 15 *per cent per annum* on the capital expenditure and ** other standing charges incurred by him in order to meet the possible maximum demand for those premises, the sum payable to be determined in case of difference or dispute by arbitration.	In proviso to this section, for the words "give him a reasonable return" occurring in the 4th line, substitute the words "in the aggregate give him a gross return not exceeding 15 per cent per annum which should include cost of generating also."	The idea is to enable the licensee to prevent wasteful expenditure in giving the supply. The provision for taking into account of the generating cost may not be made, as usually the generating cost is not taken into account for the purpose of fixing the minimum charge. This suggestion may, however, be considered.
140	22		*Sri S.K. Chatterjee, Secretary to the Govt. of West Bengal, Commerce & Industries Deptt., Mines & Power Branch.*	
			The proviso of this section specifies that a licensee may ask for a guarantee of revenue of not less than 15% of the capital cost of providing the supply from a consumer having a separate supply. This Govt., is of the opinion that a return of 15% is too low. This may be substituted by 20%. Moreover the period for such minimum guarantee is required, has not been specified. It is recommended that a period of at least three years be specified.	The increase in the percentage from 15% to 20% may be considered.
			Chief Electrical Inspector to Govt. of Madras, Madras.	
141	22 Proviso.	*Vide* Serial No. 138	The 15% should be only on the Capital charges which are directly or proportionately allocable to the works involved. The guarantee should be for a period of not over 5 years.	The provision regarding the guarantee of standing Charges has been made with a view to enable the licensee to earn his reasonable return on capital expenditure incurred on providing the services and to compensate him for the depreciation and maintenance charges. No difficulty in fixing the standing charges is experienced as the capital charges and percentages for depreciation and maintenance are known.
			The reference to "Standing charges" in addition to the "Capital charges" will make	As regards the limitation of the period for the minimum guarantee to 5 years, under

1	2	3	4	5
			the fixing of the minimum guarantee difficult and indefinite. *Chief Electrical Engineer, Madhya Bharat, Indore.*	Clause VI of the Schedule to the Act, the minimum period for which a consumer is required to take supply is limited to 2 years
142	22 Proviso	*Vide* Serial No. 138	(*i*) The words "not exceeding" in proviso to the section 22 may be deleted and substituted by "of". (*ii*) With the present wording "the Capital Expenditure and other standing charges" column 7, proviso to Section— "obligations on licensee to supply energy" it does not become clear whether return will be 15% of the Capital expenditure plus standing charges or shall be 15% of the Capital expenditure plus 100% of standing charges. (*iii*) The term "other standing charges" may be clarified in details. In the Electricity (Supply) Act, 1948 Clause III of the Ninth Schedule a term "Fixed Costs" has been used. Are these synonymous ? *Chief Electrical Engineer, Govt. of Saurashtra, Rajkot.*	The standing charges are not synonymous to the fixed costs mentioned in Paragraphs II & III of the Ninth Schedule to the E.(S), Act 1948. The standing charges refer to reasonable return, depreciation and maintenance on the works executed to deliver supply to the consumer. The standing charges will be 100% of the annual standing charges on account of the cost of works for the purposes of supply to the consumer concerned.
143	22 Proviso.	Do.	Aggregate of 15% is very low. This hardly covers the expenses and leaves 5% as return on capital. 20% will be more adequate. *Chief Electrical Inspector to Govt. of Madras, Madras.*	*Vide* Serial No. 140.
144	22	Do.	Dispute should be settled by the Electrical Inspector and not by Arbitration. This will help to evolve standard practices for interpretation of capital charges etc.	As the disputes in respect of cost of service line in Clause VI(*iii*) of the schedule to the Act are to be decided by the Inspector, the settlement of disputes arising out of this provision may also be entrusted to the Inspector. This suggestion may be accepted.
		Charges for energy to be made without undue preference— *Sri S.K. Chatterjee, Secretary to the Govt. of West Bengal, Commerce and Industry Department, Mines & Power Branch.*		
145	23 (1)	(1) A licensee shall not in making any agreement for the supply of energy, show undue preference to any person, but may, save	The draft amendment to this Section provides that the licensee shall make such "charges for the supply of energy, as may be agreed upon" and that the words	*Vide* Serial No. 34.

1	2	3	4	5
		as aforesaid, make such charges for the supply of energy as may be agreed upon ***..***.	"not exceeding the limits imposed by his licensee" have been deleted. It has further been specified that in making agreement as to charges, the licensee shall not show undue preference. This Government is not agreeable to the deletion of maximum limit of prices from the licensee as already explained under Serial No. 13 referred to—Section 3(2)(*d*)(*i*) for consideration of the commission. The proposed amendment is therefore, opposed. (*Vide* Serial No. 29). A licensee before framing tariff must show to the State Government the methods and principles on which they are based as well as prices proposed to be charged and the approval of Government in writing obtained.	
			Chief Electrical Engineer, Govt. of Saurashtra, Rajkot.	
46	24	..	No comments are made in CEC report. In sub-section it should be specifically mentioned that "all electric service connections standing on the name of that particular consumer can be disconnected if the aggregate security deposit falls short of the outstanding dues of any one connection". This has become necessary as consumers are sometimes apt to delay the settlement of accounts of premises which are not tenanted or which are not in use. This collects bad debts. The amount may not be big enough to go to civil court.	It would not be fair to penalise the occupants using connections in other premises of a landlord for the fault of the occupant in one of the premises (connections) of the landlord. This suggestion may not be accepted.
		Exemption of electric supply lines or other apparatus from attachment certain cases :—	*Chief Electrical Inspector to Govt. of Madras, Madras.*	
147	25	Where any electric supply lines, meters, fittings, works or apparatus belonging to a licensee are placed in or upon any premises not being in the possession of the licensee, for the purpose of supplying *or utilising* energy such electric supply lines, meters, fittings, works and apparatus shall not	*Line 3.* Recast the line reading "or apparatus belonging to a "as follows " "or apparatus belonging to or under the maintenance of a". I do not think it is proper or worthwhile to include provisions to cover hire purchase cases in the Act. Common law should take care for these matters.	This suggestion may be accepted. It would be desirable to protect the licensee's energy consuming equipment given to the consumers for using

1	2	3	4	5
		be liable to be taken in execution under any process of any Civil Court or in any proceedings, in insolvency against the person in whose possession the same may be.		energy with a view to avoid inconvenience to the licensee as well as to the consumers.
			Shri P. C. Sarkar, Electric Inspector of Mines.	
148	26(1)	..	In addition to what has been suggested by the Central Water & Power Commission (P/W) under items 41 and 42 of the statement I suggest as under :—	
			Although provisions under Rule 40 read with Rule 35(*b*) of the Indian Electricity Rules, 1937, indirectly may be interpreted to require that the meter should be installed at the consumer's premises nowhere in the Act or in the Rules this requirement has been clearly specified. There have been cases where the licensee in the mines area has been reluctant to provide meters on the consumer's premises. With a view to clarify this matter, it is suggested that the words "which shall be installed at the consumer's premises" be inserted after the word "meter" in the fourth line of sub-section (1) of the Section 26. This suggestion, if accepted, will obviate the difficulties which the consumers may otherwise have to face in obtaining way-leave for installing their private supply line outside their own premises.	This suggestion may be accepted.
149	26 (4)	**Meters—** 26(4) The licensee or any person duly authorised by the licensee shall, at any reasonable time and ***.... *** *after giving the consumer* **24** *hours' notice* have access to, and be at liberty to inspect and test and for that purpose if he thinks fit ***....*** *take away from the premises* any meter referred to in sub-section (1) ; and expect where the meter is so hired as aforesaid, all reasonable expenses of, and incidental to, such inspecting****testing, taking****away from the*	*Chief Electrical Inspector to Govt. of Madras, Madras.* I do not think for a mere inspection, a 24 hours' notice is necessary. Surprise inspection may be required in many cases Hence in such cases, provision should be made for entry on informing. Of course for a test or renewing of meter, there is no objection to the provision of a 24 hours' notice.	The entry for the purposes of surprise inspection by licensee of his equipment installed at the consumer's premises is provided for in Section 20(1).

1	2	3	4	5
		premises shall, if the meter is found to be otherwise than correct, be recovered from the consumer and where any difference or dispute arises as to the amount of reasonable expenses, the matter shall be referred to an Electrical Inspector, and the decision of such Inspector shall be final : Provided that the licensee shall not be at liberty to take *** *away from the permises* any such meter if any difference or dispute of the nature described in sub-section (6) has arisen until the matter has been determined as there in provided.		
150	26(5)	26(5) A consumer shall not connect any meter referred to in sub-section (1) with any electric supply line through which energy is supplied by a licensee, or disconnect the same from any such electric supply line ; ***..***.	In the proviso replace the words "a consumer" by the words "the meter" occurring in lines 2 and 3. *Chief Electrical Engineer, Madhya Bharat, Indore* (*i*) Words "a consumer" in lines 2 and 3 of proviso to sub-section 26(5) (proposed Column 7)—may be replaced by "a meter" referred to in sub-section (1).	This suggestion may be accepted. *Vide* Serial No. 150.
151	26(5) Proviso	*Provided that a licensee shall connect, or disconnect a consumer if required to do so within 48 hours of the service of a notice to that effect on him by a consumer.*	(*ii*) Also, add words "by a consumer" between the words "so" and "within" in line 4.	Second suggestion may not be accepted.
152	26(6)	26(6) Where any difference or dispute arises as to whether any meter referred to in sub-section (1) is or is not correct, the matter shall be decided upon the application of either party by an Electrical Inspector, or by a competent person specially appointed by the **State* Government in this behalf ; and where the meter has, in the opinion of such Inspector or person, ceased to be correct, such Inspector or person shall estimate the amount of the energy supplied to the consumer or the electrical quantity contained in the supply during such time *not exceeding 3 months*	*Sri S.K. Chaterjee, Secy., to the Govt. of West Bengal, Commerce & Industries Deptt., Mines & Power Branch.* In the event of a meter being found incorrect when a reference is made under this Section to the Electric Inspector, it is proposed not to leave the matter of assessment of over or under registration to be settled on the basis of equity as hitherto but to limit the maximum debit or credit by the insertion of the following words "not exceeding 3 months" after the words "during such time" occurring in this Section. The period of three months suggested therein is considered short and it is suggested that the period	The suggestion may be accepted and the period extended to six months.

1	2	3	4	5
		as the meter shall not, in the opinion of such Inspector or person, have been correct, and where the matter has been decided by any person other than the Electrical Inspector, an appeal shall lie to Inspector whose decision shall in every case be final, but save as aforesaid, the register of the meter shall in the absence of fraud be conclusive proof of such amount or quantity.	be extended at least to six months. It is pointed out that there may be considerable time lag between date of dispute and the date of disconnection and final testing. Moreover, in case of testing H.T. and complicated metering equipment which are required to be tested at site stimulating the exact operating conditions—the testing may have to be continued over a long peiod. *Chief Engineer, Electricity Govt. of Orissa, Puri.*	
153	26(6)		In case of defective meter, consumer's right to waive off meter rent for the maximum period of 3 months may also be provided for. *Chief Electrical Engineer, Government of Saurashtra, Rajkot.*	The suggestion is already covered by the provisions of Section 26(2).
154	26(6)	..	The amendment to limit the adjustments of the meter reading for period not exceeding three months is not correct. We have known a case where this adjustment had to be for nearly one year. The Licensee would not agree that the meter is faulty. The registering being on the H.T. side, the test also took some time. The registering was faulty due to wrong connections. So the wrong connections also should be incorporated in wrong registering. The period should be left to the discretion of the Electric Inspector. In ordinary slowing of meter, 3 months period is adequate.	*Vide* Serial No 152. The licensee is not expected to make wrong connections and if the consumer does so, he will render himself liable for prosecution for theft of energy under Section 39 of the Act.
		Provided that before either a licensee or a consumer applies to the Electrical Inspector under this subsection, he shall give to the other party not less than seven days' notice of his intention so to do.		
155	28	**Sanction required by non-licensees in certain cases :—** (1) No person other than a licensee shall engage in the business of supplying energy except with the previous sanction of the **State* Government and in accordance with such conditions as the State Government may fix in this	*Chief Electrical Inspector to Govt. of Madras, Madras.* This section has given a lot of trouble in interpretation. I find that the proposed explanation under the section, tries to define what is meant by "engaged in the business of supplying energy". The existing section	The suggestion in para 2 to enable a person to supply surplus power from his private plant to his neighbours without the consent of the State Government would run counter to the spirit of the provisions of the Indian Electricity Act and the Electricity (Supply) Act.

1	2	3	4	5
		behalf, and any agreement to the contrary shall be void :	does not define this.	This suggestion may not be accepted.
			I cannot see any harm in a person supplying to his neighbours surplus power from his private plant without Govt. consent. But where a consumer buys this energy from a licensee he should not be allowed to resell; but this I think is better taken care of under clause VI of the Schedule by restricting the use to the premises as detailed in the requisition. We can also define "premises" for the purpose.	Suggestion in para 3 to extend the scope of the provisions of Clauses (*a*) and (*b*) of sub-section 2 may be accepted and the proviso redrafted as under :
			As drafted now it appears that the words "without the consent of the authority concerned, unless the State Govt. considers that consent has been unreasonably withheld" apply to only Sub-clause (*c*) of proviso to Section 28(1), while it should be applicable to sub-clauses (*a*), (*b*) and (*c*).	Provided that, such sanction is not given within an area :
				(*a*) for which the local authority is constituted ;
				(*b*) forming part of any cantonment, arsenal, aerodrome, dockyard or camp or any building or place in the occupation of the Central Government for Naval or Military purposes ;
				(*c*) Forming part of a licensee's area including an area for which a State Electricity Board has been constituted. Without the consent of the authority concerned unless the State Govt. considers that such consent has been unreasonably withheld.
		Provided that such sanction shall not be given within an area :		
		(*a*) for which a local authority is constituted *** ***	*The Chairman (Chief Engineer & General Manager) M.P. Electricity Board.*	This suggestion may not be accepted. In this connection remarks against Serial No. 32 may be seen.
		(*b*) *forming part of any cantonment, fortress, arsenal, aerodrome, dockyard or camp or any building or place in the occupation of the Union Govt. for Naval or Military purposes.*		
		(*c*) *forming part of licensee's area, including an area for which a State Electricity Board has been constituted, without the*	Sub-section (1) ; At the end of the proviso to sub-section (1) proposed by the C.E.C. add "In the event of disagreement the same shall be decided by reference to Central Electriity Authority."	
156	28(1)	*consent of the authority concerned,* unless the **State Govt. consider that consent has been unreasonably withheld.*		
		(2) Where any difference or dispute arises as to whether or any person is or is not engaging or about to engage in the business of supplying energy within the meaning of sub-section (1) the matter shall be referred to the * *State* Government and the decision of the **State*		

1	2	3	4	5
		Government thereon shall be final.	*Chief Electrical Inspector to Govt. of Madras, Madras.*	
157	28	*Explanation—For the purpose of this section any person who supplies energy to any other person outside his own premises shall be deemed to be engaging in the business of supplying energy.*	The proposed explanation under the Section may be omitted.	*Vide* Serial No. 155.
		Control of transmission and use of Energy :		
158	30(1)	(1) No person, other than a licensee duly authorised under the terms of his licence, shall transmit or use energy at a rate exceeding two hundred and fifty watts,	*Chief Engineer, Electricity, Govt. of Orissa, Puri.*	The words "or a sanction holder" and "or his sanction may be inserted after the words "other than a licensee and "the terms of his licence" respectively.
		(*a*) in any street, or	The words "Sanction holder" and "Government Departments" may have to be added to this clause in which only a duly authorised licensee is permitted to transmit or use energy.	The scheme of the E.(S) Act. 1948, does not contemplate Government engaging in the business of supplying energy. This work is to be under by the State Electricity Board who are be deemed as licensees under the provision of Section 26 the E. (S) Act.
		(*b*) in any place,		
		(*i*) in which one hundred or more persons are likely ordinarily to be assembled, or		This suggestion may not be accepted.
		(*ii*) which is a factory ***..*** *as defined in clause (j) of Section 2 of the Factories Act*, 1934 or	*Sri S.K. Chatterjee, Secy. to the Govt. of West Bengal, Commerce & Industries Deptt., Mines & Power Branch.*	The suggestion may be accepted.
159	30	(*iii*) Which is a mine *** *** *subject to the operation of the Mines Act*, 1923, *or*	In sub-section 1(*b*)(*ii*), the "Factories Act, 1934" should be replaced by "Factories Act, 1948".	The words 'clause (j) of Section 2 of the Factories Act, 1934, may be substituted by the words 'clause (*m*) of Section 3 of the Factories Act, 1948'.
		(*iii*) (*a*) *which is open to the public for business purposes, where the pressure exceeds low pressure, or*		
		(*iv*) to which the *State Govt. by general or special order, declares provisions of this subsection to apply, without giving not less		
160	30 (1)	than seven clear days' notice in writing of his intention to the *Electrical Inspector and the* District Magistrate or in a Presidency town, to the Commissioner of Police, and complying with such of the provisions of part IV, and of the rules made thereunder as may be applicable.	*Chief Electrical Inspector to Govt. of Madras, Madras.*	Usually the rules framed by the State Governments under rule 7 of the Indian Electricity Rules, 1937, provide for inspection of the installations at 100 volts and above for generation, supply and use of energy. The words '100 volts and above' may be substituted for the words 'a rate exceeding to 250 watts'.
			Delete the words "a rate exceeding 250 watts" and add instead "above 110 volts pressure".	In the revised rules finalised by the Central Electricity Board in its meeting held in Simla during October, 1953, it was
			The Sub-section 30(1)(*b*)(*iii*)(*a*) may be deleted.	

1	2	3	4	5
				decided to provide for periodical inspection of all installations irrespective of their voltage and make the provisions mandatory. In view of the above, the provisions under sub-section 31(*b*) (3) (*a*) could be deleted.
			Shri S.K. Chatterjee, Secretary to the Govt. of West Bengal, Commerce & Industries Deptt., Mines & Power Branch.	
161	30	Provided that nothing in this Section shall apply to the energy used for the public carriage of passengers, animals of goods on, or for the lighting or ventilation of the rolling-Stock of any railway or tramway subject to the provisions of the Indian Railways Act, 1890 (IX of 1890):	A new Sub-clause iii(*a*) in the following sense has been added, "which is open to the public for business purposes, where the pressure exceeds low pressure". It is recommended that the words "for business purposes" be omitted.	*Vide* Serial No. 160.
			Chief Electrical Inspector to Government of Madras, Madras.	
163	30 (1)	Provided also, that the **State* Government may, by general or special order and subject to such conditions and restrictions as may be specified therein exempt from the application of this section or of any such provision or rule as aforesaid any person or class of persons using energy on premises upon or in connection with which it is generated, or using energy supplied under Part II in any place specified in clause (*b*) :	Practice has shown that the District Magistrate does nothing in these cases. It is therefore, suggested that the reference to the District Magistrate and Commissioner of Police may be cut out. *Electrical Engineer To Govt. P.W.D. Secretariat, Fort, Bombay*-1. The newly drafted section 30 provides for the notice to the Electric Inspector and the District Magistrate. It is essential that the notice should be given to the Collector of the District, so as to ensure the collection of electricity duty under the Bombay Finance Act 1932.	As the District Magistrates are responsible for ensuring law and order, it would be desirable to retain the provisions for notice to the District Magistrates. This suggestion appears to have been made as in the Bombay State the Judiciary has been separated from the Executive. The suggestion to amend the Act to provide for notice to the Collector as well with a view to ensure the collection of electricity duty could more appropriately be made in the Bombay Finance Act by making a provision whereby the District Magistrate would be required to advise the Collectors wherever necessary. Usually the licensee is authorised to collect electricity duty from this consumer under the provisions of the Financial Enactment of the States.

1		3	4	5
164	30(1)	*Provided further that the Electrical Inspector shall be furnished with particulars of plant and nature of supply before the commencement of supply and also when any additions and alterations thereto are made.*	The Chairman (Chief Engineer & *General Manager*) *M. P. Electricity Board.* In the second proviso to Sub-section (1) as proposed by the C.E.C. insert the words "after consultation with the Board" between the words "may" and "by" in the 2nd proviso. *Chief Electrical Engineer Madhya Bharat, Indore.*	It is not understood how the State Electricity Boards are concerned in such matters. This suggestion may not be accepted.
165	30 (2)	(2) Where any difference or dispute arises as to whether a place is or is not one in which one hundred or more persons are likely ordinarily to be assembled, the matter shall be referred to the **State* Government and the decision of the **State* Government thereon shall be final. (3) The provisions of this Section shall be binding on the *States and the Union Government.	The following words may be added between word "assembled" and "comma" in line 6 of sub-section 30(2) Column 7— "or whether a place is open to public for business purposes". This will provide for disputes in respect of business premises open to public also being covered. *Chief Electrical Engineer, Electricity Department, Bihar Govt., Bihar.*	Vide Serial No. 160.
166	31	..	After the word "Tramway" in the second line introduce "Aerodrome" and after the word "Tramway" in the fourth line insert the word "Airway". It is considered desirable to protect the Aerodrome and Airway, which are gradually becoming more and more important. At the same time transmission lines are being extended from one place to another—across the country side. It is usually noticed that the approaches of cross country transmission lines lie very close to Airfield—which are invariably situated outside the towns. It should be made obligatory on part of licensees to lay their lines having due consideration to Airfields as well along with Railway, Tramway, etc. *Shri S.K Chatterjee Secretary to the Govt. of West Bengal Commerce & Industries Deptt, Mines and Power Branch*	The acceptance of the suggestion would be in accord with the provisions in the revised I.E.Rules as finalised by the C.E.B. whereby the overhead lines in the vicinity of aerodromes are to be constructed only after securing the approval of the aerodrome authorities. This suggestion may be accepted.
167	33(1)	**Notice of accidents and inquiries :—** (1) If any accident occurs in connection	To ensure that evidence in connection with occurrence	When a fatal accident occurs the owner or occupier of

1	2	3	4	5
		with the generation, transmission, supply or use of energy in, or in connection with any part of the electric supply-lines or other works of any person, and the accident results or is likely to have resulted in loss of life or personal injury, such person shall give notice of the occurrence, and of any loss of life or personal injury, actually occasioned by the accident, in such form and within such time and to such authorities as the *State* Government may, by general or special order, direct.	of an accident be not destroyed by interested parties a new proviso has been added to leave the condition under which an accident occurred the same as they were after the accident for a period of at least 7 clear days. The suggested proviso is impracticable as it is apprehended that this may lead to further disaster. This may be deleted.	the premises where the accident has occurred usually informs the police immediately. As the fatal accident generally causes dislocation of consumers electric supply service he also informs the licensee with a view to restoration of his supply by replacement of blown fuses and the licensee informs the Electrical Inspector about the accident. If the provision as proposed were made the licensee would not replace the blown fuses and he would leave the installation as it was at the time of the accident. The question of practical difficulties arising out of the provision would not, therefore, arise. This suggestion may not be accepted
			Chief Electrical Inspector to Govt. of Madras, Madras.	
168	33 (1)		The proviso is impracticable. It will be very difficult for the owner who is not an expert in many cases—to decide whether further danger to life and property is attendant or not, in case the installation is to be left as it was at the time of incident. Where he has made a change and persists in saying he did not make any, also it is difficult to prove.	*Vide* serial No. 167. The fact that an accident has occurred in the case of faulty installation would itself prove that there was a fault in the installation. The changes which the owner or occupier of the premises may make in his installation after the occurrence of the accident will not disprove the fact that the installation was faulty at the time of the accident. The suggestion may not be accepted.
			Sri G. C. Goswami, Chief Electrical Inspector & Electrical Adviser to the Govt. of Assam.	
169	33 (1)	*Provided that the conditions under which and the place where the accident occurs shall without continued interruption to public supply or further endangering life or property in any way, be left as they were, immediately after the accident, until the expiration of at least seven clear days after service of the notice of the accident, or until the visit to the place by an*	I think the procedure of reporting electrical accidents should be the same in all the States. I suggest that the section be amended as follows in the last clause— "xxx in such form and within such time as may be prescribed". This means of course, a new form in the Annexure to the rules The notice of accident by the owner has to be given to the	This suggestion may be accepted in the interest of the uniformity of procedure.

1	2	3	4	5
		Electrical Inspector, whichever is earlier.	licensee also. There should be a specific provision for this in Section 33(1) of the Indian Electricity Act, 1910. *Shri S.S. Kumar, Punjab, P. W. Deptt., Electricity Branch.*	
170	33 (1)	..	After the word "left" in the seventh line of the proviso, add "and maintained by the owner of the installation or place". This is necessary to put the responsibility of maintaining the installations in the same order in which the accident took place on the owner or consumer's place. Unless this responsibility is put on him he can say that he left the installations in the same condition but they might have been disturbed by somebody else, even if he disturbed them himself to his benefit which may not be possible to prove. *Electrical Engineer to Govt. P.W.D. Secretariat, Fort, Bombay-1*	This suggestion may be accepted and the proviso drafted as under :— "Provided that, the conditions under which and the place where the accident occurs shall without continued interruption to public supply or further danger to life and property in any way, be left and maintained as they were at the time of the accident by the person concerned, until the expiration of at least 7 clear days after the service of the notice of the accident or until the inspection of the installation and the place by the Electrical Inspector or other person appointed by the State Government in this behalf under sub-sec. (2) of this Section, whichever is earlier"
171	33 (1)	Do.	In the proposed sub-section (1) of section 33, the words "including the Electric Inspector" should be added after the words "to such authorities", as the notice of accident to the Electric Inspector is essential to enable him to visit the place of accident without undue delay. *Chief Electrical Engineer, Madhya Bharat, Indore*	Usually the State Govts. direct that the notice of accident should be given to the Police as well as to the Electrical Inspectors. There is, however, no objection to accepting the suggesion and making a specific provision for the notice being given to the Electrical Inspector. This suggestion may be accepted.
172	33 (1) Proviso	..	The following words may be added after the word "Electrical Inspector" in last but one line of proviso to section 33(1) "or the person appointed by State Govt.to hold enquiry under sub-section (2)". This is necessary because the Government is entitled to depute person(s) other than Electrical Inspector to hold an enquiry.	*Vide* Serial No. 170

1	2	3	4	5
173	New 33 (3)	"(3) *the person appointed under sub-section (2), to hold an enquiry, shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908, for the purpose of enforcing the attendance of witness and compelling the produdtion of documents and material objects and every person required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of Section 176 of the Indian Penal Code.*	(*i*) Words "Electric Inspector or" may be added in the beginning of sub-section 33(3). This is in view of the provision of sub-section 33(1). (*ii*) Words "to hold" in line 2 of sub-section 33(3) may be replaced by "holding" because it is desired that the officer required to hold enquiry should have powers of Civil Court only so long as he is holding the enquiry. *Chief Electrical Inspector to Govt of Madras, Madras*	The suggestion in para 1 may be accepted. The existing words "to hold an enquiry" would imply that the person will have the powers of a civil court immediately on appointment and till such time as he completes the enquiry. On the other hand the word "holding" may imply that he will have the powers of a civil court during the period of enquiry and hearing of witnesses etc. The present draft would, therefore, appear to be suitable for the purpose. This suggestion may not be accepted.
174	New (33)3	..	Under Section 33(2) it is the Government that can authorise an enquiry and the report is due to Govt. The powers sought to be given under proposed section 33(2) will be conferred by Govt. when an enquiry is ordered under Section 33(2). The introduction of Section 33(3) as proposed is likely to cause misunderstanding that an enquiry is called for without orders of Govt. under Section 33(2). *Sri S.K. Chatterjee, Secy. to Govt. of West Bengal, Commerce & Industries Deptt., Mines and Power Branch.*	Under Section 33(2) the Government has to issue orders requiring the Electrical Insector or any other person appointed by it in that behalf to enquire and report on the accident. Section 33(3) will not come itnto operation unless an order is issued to that effect under Section 33(2). The question of misunderstanding, therefore, does not arise.
175	33	Add an explanation at the end of section as under :— *Explanation —For the purpose of this section 'life' means life of a human being or a domestic animal.*	Explanation at the end of this new Section defines "life" to include the life of a human being or a domestic animal. It is recommended that explanation referred to above be deleted as accident under all enactments means accident to persons Vide provisions in Mines Act and in Factories Act.	The inclusion of domestic animals is necessary with a view to apprise the Electrical Inspectors and the other persons concerned. The conditions in the factories and mines are entirely different from those in other areas where the electric supply does not only involve the electric installations in private premises but also in public places like streets, etc. Accidents in the latter type of installations may involve domestic animals like milch cattle, dogs etc. It is necessary that faults in such installations should be brought to the notice of the authorities and action taken by them to get the defects remedied with a view to eliminate further danger to life. It is, therefore, ne-

1	2	3	4	5
				cessary to retain the explanation. The word "life" also occurs in Section 34(2) where the scope has been restricted to human beings only. It would be advisable to extend the scope to domestic animals etc. in this case as well.
		34 (2) Prohibition of connections with earth and power to Government to interfere in certain cases of default :	*Shri P. C. Sarkar, Electric Inspector of Mines.*	
176	34 (2)	If at any time it is established to the satisfaction of the **State* Government. (*a*) that any part of an electric supply line *or other apparatus or appliances is* connected with earth contrary to the provisions of sub-sections (1) or	Instead of the words "or other apparatus or appliances" as suggested, I would suggest the insertion of the words "or other works" so as to keep the wording of the clause (*a*) in line with the wording of the other existing clauses (*b*) and (*c*) of sub-section (2) of Section 34. I have suggested amendment to the definition of the term "works" to include works of all persons including the licensee for the purpose of this Section *Shri S.S.Kumar, Punjab Public Works Department, Ellectricity Branch.*	*Vide* Serial No. 24.
177	34 (2)	(*b*) that any electric supply-lines or other works for the generation, transmission, supply or use of energy are attended with danger to the public safety or to human life or injuriously effect any telegraph-line, or	Add the following after the words "use of" at the end of 14th line of clause (*c*) "and supply of energy to". At present while for bidding the use of any such work the Government or any officer to whom the powers are delegated, is not authorised specifically though by implication, it is felt that it can be done, to forbid the supplier of energy from supplying energy to such works which is equally important in such a case. It is felt that there should be a specific provision to this effect to avoid any controversy on the point. *Electrical Engineer to Govt. P.W.D. Secretariat, Fort, Bombay.*	
178	34 (2)	(*c*) that any electric supply-lines or other works are defective so as not to be in accord-	The sub-clause (*c*) should also forbid the supply of power by the licensee.	This suggestion may be accepted. *Vide* Serial No. 177.

1	2	3	4	5
		ance with the provisions of this Act or of any rule thereunder, the **State* Government may, by order in writing, specify the matter complained of and require the owner or user of such electric supply-lines or other works to remedy it in such manner as shall	*Chief Elecctrical Inspector to Govt. of Madras, Madras.* The word "default" may be replaced by the word "violation" in the heading.	Default means failure to perform some legal requirement or obligation or culpable neglect of duty or obligation and also of things. Violation means infringement, flagrant disregard or non-performance of some principle or standard.
179	34 (2)	be specified in the order, and may also in like manner forbid the use of any electric	*Chief Electrical Engineer, Madhya Bharat, Indore.*	The word "default" appears to be more appropriate and may be retained.
180	34 (2)	supply-line or works until the order is complied with or for such time as specified in		This suggestion may not be accepted.
181	34 (2) (*b*)	the order.	The amendment proposed to sub-section 2 of section 34 may also be incorporated in sub-section (1) as sub-section (2) naturally follows sub-section (1). Words "or animal be added between words human and "life" in line 3 of clause (*b*) of this sub-section. This is in accordance with the proposed "explanation" under Section 33.	This suggestion may be accepted. *Vide* serial No 175
		Appointment of Electrical Inspectors :—		
182	36	(1) The Union Government may by notification in the official Gazette, appoint duly qualified persons to be Electrical Inspectors and every Electrical Inspector so appointed shall in relation to mines, oilfields railways, *defence establishment and centrally administened area specified in part C of the first schedule to the Constitution of India* exercise the powers and perform the functions of an Electrical Inspector under this Act within such areas and subject to such restrictions as the *Union* Government may direct.	*Chief Electrical Engineer, Madhya Bharat, Indore.* It is not clear what is meant by term "defence establishment". The term may be defined so that only those installations which for security reasons are exempted from the control of the provincial electrical Inspectorates.	It would be desirable to qualify the expression "defence establishment" by adding the words "under the control of the Ministry of Defence".
183	36	(2) The **State* Government may by notification in the official, Gazette, appoint duly qualified persons to be Electrical Inspectors within such areas as may be assigned to them respectively ; and every Inspector so appointed shall except in relation to	*Shri S. S. Kumar, Punjab, P.W. Department, Electricity Branch.* The word "person" to be substituted for the word "persons" in the 4th line of Section 36(2) under column 7.	Printing error is to be corrected.

1	2	3	4	5
		mines, oilfields, railways *defence establishment and centrally administered areas specified in Part C of the first schedule to the Constitution of India* exercise the powers and perform the functions of an Electrical Inspector under this Act subject to such restrictions as the **State* Government may direct.		
184	36A(2) (*b*) & (*c*)	**Central Electricity Board :—** (2) The Central Electricity Board shall consist of : **** (*a*) a Chairman to be nominated by the* *Union* Government (*b*) one member to be nominated by each of the **States***.. *** *specified in parts A of the First Schedule to the Constitution of India.* (*c*) *three members to be nominated by the Union Government to represent—* (*i*) *the States specified in Part C of the first schedule to the Constitution of India* (*ii*) *Electric Supply industry.* (*iii*) *Engineering Institutions.*	*Chief Electrical Engineer, Madhya Bharat Indore.* New clauses (*b*) and (*c*) of sub-section 2 of section 36A may be replaced by ; "(*b*) one member to be nominated by the Govt. of each of the States to which this Act extends. (*c*) Two members to be nominated by the Union Govt. to represent :— (*i*) Electric Supply Industry ; (*ii*) Engineering Institutions". This is consequential to the amedment of 1951 already incorporated in the Act, and in accordance with the suggestion to provide for representation of Electricity Undertakings and Engineering Institutions.	Electrical development in most of the Part 'C' States is not adequate at present is and most of them have entrusted their advisory and inspectorial work to the Central Water & Powe Commission (Power Wing) as the establishment of separate organizations for the purpose would not be economical. The Part 'C' States are centrally administered areas and their interest would be well safeguarded by the members nominated by the Central Govt. to represent them on the Board. By giving separate representation on the Board to the ten Part 'C' States and also to the 'D' State of Andaman & Nicobar Islands the membership of the Board would increase from the existing membership of 20 to 32, which is likely to make the— Board unwieldy. Usually most of the members when attending the meetings of the Board are accompanied by Advisers. On the other hand, it would be desirable to restrict the membership of Part 'A' States to 4 and Part 'B' States to 3 and lay down a formula for appointment of members alternatively for a period of three years from Part 'A' & 'B' States as was done in the case of Delhi and Ajmer States.
185	36 A (2)	(*d*) one member to be nominated by the Chief Commissioner of Railways, and (*e*) one member to be nominated by the Chief Inspector of Mines.	*Member, Electricity Board, and Traction Superintendent, Central Railway, Bombay.* Due to the reconstitution of the Railway Board, the Chief Commissioner of Railways has been replaced by the Chairman, Railway Board. Therefore Section 36A (2) (d) should read "one member to be nominated by the Chairman Railway Board ; and".	This suggestion may be considered.
186	36A (2) (*b*) & (*c*)	*Vide* serial No. 184.	*Chief Electrical inspector to Govt. of Madras, Madras.* Since the Act extends to Part 'B' States also, suitable representation from these	This suggestion may be accepted. The representation to Part 'B' States has already been provided for by virtue of the Part B States (Laws) Act,

1	2	3	4	5
			States should also be provided for. The Central Electricity Board should have the proper status which it will not have if some of the members can be nominated by Officers like the Chief Inspector of Mines. Sub sections (d) and (*e*) may therefore be recast as below :— Section (*d*) : One Member to be nominated by the Railway Board. Section (*e*) : The Chief Inspector of Mines.	1951. In this connection vide Serial No. 184 If the Railway Member could be appointed by the Chairman of the Railway Board there ought to be no objection to the appointment of the respresentative of Mines by the Chief Inspector of Mines who is the Head of the Deptt.
187	37 (1)		*The Chairman (Chief Engineer & General Manager) M. P. Electricity Board.* For sub-section (1) please substitute the following :— "The Central Electricity Board may make rules for the whole or any part of the Union of India, generally to carry out the pruposes and objects of this Act. Under Sub-section (2) Clauses (*a*) to (*e*) may be transferred to Section 78 (*a*) of the (Supply) Act and the remaining clauses (*f*) to (1) renumbered as (*a*) to (*g*). The words "generation..... and" are not necessary consequent on transfer of relevant provisions in the I.E. Act to the (Supply) Act.	*Vide* serial No. 2.
188	37(3)	**Power for Board to make rules:** (3) Any rules made in pursuance of clauses (*e*), (*f*), (*g*), **(*h*), (*i*) and (*j*) of sub-section (2) shall be binding on the **States and the Union Government.*	*Chief Electrical Inspector to Govt. of Madras, Madras.* Clause (*e*) of section 37 (2) refers to consumer. Consumer is one who takes supply from licensee. Unless Government supplies under a licence, rules a made under clause (*e*) will not be applicable to Government. In case of dispute, the party cannot file a Suit as he will not be a "consumer" as defined.	Clause (*e*) of Section 37 (2) may be amended as under to safeguard the interest of the consumers supplied by Govt. Electricity Departments :— "(*e*) provide for the securing of a regular, constant and sufficient supply of energy by licensees, non-licensees or other suppliers of energy to consumers and for the testing at various parts of the system of the regular and sufficiency of such supply, and for the examination of the records of such tests by consumers.
189	40	**Penalty for maliciously wasting energy or injuring works:** Whoever maliciously causes energy to be wasted or diverted or with intent to cut off the supply of energy, cuts or injures, or attempts to cut or injure, any	The fine may be specified and limited to 5,000 rupees.	In view of the inflated cost of living the question of raising the limits of the amounts of fines under the various Penal Sections of the Act (Sections 39 to 47) may be considered.

1	2	3	4	5
		electric supply line or works, shall be punishable with imprisonment for a term which may extend to **five* years or with fine ***..*** or with both.		
190	42(*b*)	...	*Shri G.C.Goswami, Chief Electrical Inspector and Electrical Advisor to the Govt. of Assam.* The words "fails to supply energy" may be made more specific to cover cases where a licensee by reason of inadequate and inefficient power plants, distribution equipments, etc. constantly stops supply. Although draft Rule 65(2) covers such a case, I think the words "fails to maintain supply of energy" in place of "fails to supply energy" in Section 42(*b*) will be more specific.	This suggestion may be accepted and the words "fails to maintain the supply of energy" may be substituted in place of the words "fails to supply energy".
191	44	**Penalty for interference with meters or licenseees works and for improper use of energy :** Whoever— (*a*) connects any meter referred to in Section 26, sub-section (1), or any meter, indicator or apparatus referred to in section 26, sub-section (7) with any electric supply line through which energy is supplied by a licensee, or disconnects the same from any such electric supply-line, ***..*** ; or (*b*) lays, or causes to be laid, or connects up any works for the purpose of communicating with any other works belonging to a licensee *** ..*** ;or (*c*) maliciously injures any meter referred to in section 26, sub-section (1) or any meter, indicator or apparatus referred to in section 26, sub-section (7), or wilfully or fraudulently alters the index of any such meter, indicator or apparatus, or prevents any such meter, indicator or apparatus from duly		

1	2	3	4	5
		registering ;or (*d*) improperly uses the energy of a licensee ; shall be punishable with fine which may extend to five hundred rupees, and in the case of a continuing offence, with a daily fine which may extend to fifty rupees ; and if it is proved that any artificial means exist for making such connection as is referred to in clause (*a*) such communication as is referred to in clause (*b*) or for causing such alteration or prevention as is referred to in clause (*c*) or for facilitating such improper use as is referred to in clause (*d*) and that the meter, indicator or apparatus is under the custody or control of the consumer, whether it is his property or not, it shall be presumed until the contrary is proved, that such connection, communication, alteration, prevention or improper use, as the case maybe, has been knowingly and wilfully caused by such consumer.		
192	46	..	*The Chairman (Chief Engineer & General Manager) M. P. Electricity Board.* Section 46 may be dropped in view of Section 47 as amended below.	It has been decide by the Govt. of India to keep the two Acts separate for the present.
193	47	..	For the present Section following may be substituted: "Whosoever makes default in complying with the provisions of this Act, or with any order issued under it, shall be punishable with fine which may extend to Rs. 100/- and in the case of a continuing default with a daily fine which may extend to Rs. 20/-. Provided that he shall not be so punishable if the Court is of opinion that the case was one of emergency and that the offender complied with the said provisions as far as was	This suggestion m y not be accepted.

1	2	3	4	5
			reasonable in the circumstances." Amended in view of section 77-A (7) of the (Supply) Act.	
194	52	**Exercise in certain cases of powers of telegraph authority:** Notwithstanding anything in sections 12 to 16 (both inclusive) and sections 18 and 19 the **State* Government may by order in writing, for the placing of applicances and apparatus for the transmission of energy, *or the telephonic or telegraphic communications neccssary for the proper co-ordination of the works of a licensee* confer upon any public officer or licensee subject to such conditions and restrictions (if any) as the **State* Government may think fit to impose, and to the provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any ofthepowers which the telegraph-authority possesses under that Act, with respect to the placing of telegraph-lines and posts for the purposes of a telegraph established or maintained by the Government or to be so established or maintained.		..
195	52	**Arbitration** : Where any matter is by or under this Act, directed to be determined by arbitration, the matter shall unless it is other-wise expressly provided in the license of a licensee, be determined by such person or persons as the **State* Government may nominate in that behalf on the application of either party; but in all other respects the arbitration shall be subject to the provisions of the Arbitration Act 1940 (X of 1940)	*Chief Engineer, Electricity, Govt. of Orissa, Puri.* The arbitration clause should apply to the "Union Government also" as disputes in respect of the Union Government works also may crop up in which case 2 arbitrators my probably be necessary. It is also not clear what happens if the 2 arbitrators be in a dispute between the State Government and a licensee or a State Electricity Board and a licensee are in disagreement and in case the Union Government itself is a party in the dispute who will be the higher appelate authority.	The provisions of Section 52 will also apply in the cases of disputes between the central Govt. and the licenseee or other persons as the casemay be. To provide for the appointment of two arbitrators in the case of disputes between the Central Govt. and the licensee the proviso may be amended to read as under : "Provided that, where the Central or the State Govt. or the State Electricity Board, is a party to the dispute it shall be referre to two arbitrators, one to be appointed by each of the parties to the dispute." As the arbitration proceedings will be governed by the

1	2	3	4	5
				provisions of the Arbitration Act, 1940, the two arbitrators will have to nominate an umpire as required by the porvisions of Clause II of the First Schedule to the Indian Arbitration Act *ibid.* This suggestion may not be accepted.
196	52 proviso	*Provided that where a State Government or a State Electricity Board where such a Board has been constituted are a party to a dispute it shall be referred to two arbitrators, one to be appointed by each party to the dispute.*	*Chief Electrical Engineer, Madhya Bharat, Indore.* The words "where such Board has been constituted" may be deleted as they appear unnecessary. The Board, if not constituted, can naturally not be a party to the dispute.	This suggestion may be accepted.
197	54 .	**Recovery of sums recoverable under certain provisions of Act :** Every sum declared to be recoverable by ****..**** *or under this Act* and every fee leviable under this Act, may be recovered on application to a Magistrate having jurisdiction where the person liable to pay the same is for the time being resident **..** *as arrears of land revenue.*	*Electrical Engineer to Govt., P.W.D. Secretariat, Fort,* Bombay—1. It is found from experience that the magistrate does not give the intimation regarding the recoveries of the sums to the Electric Inspectors, with the result that the amounts are shown to be outstanding. To enable the authorities applying to the Magistrate for recovery to be apprised of the recoveries, the following may be added at the end of this section:— "and the Magistrate shall intimate the fact of the recovery to the authorities applying for such recoveries."	This suggestions may be accepted to avoid unnecessary correspondence between the Magistrates and the inspectors. The follwing words may be added at the end of this Section : "and the Magistrates shall intimate the fact of the recovery to the authorities Concerned."
198	54 .	..	*Chief Electrical Inspector to Govt. of Madras, Madras.* The reason for the proposed amendment is stated to be that the existing provisions omit fines recoverable under sub clause (1) of clause VI of the Schedule. I do not find any fine recoverable under Clause VI of the Schedule. Only money due to Govt. should be recovered as land revenue. The Section as reworded provides even money for sale of energy due to a licensee to be recovered as land revenue which would not at all be correct.	Column 6 of the Statement prepared by the C.W.&P.C. refers to recoveries of the amount due to the licensee on account of the alteration in respect of service lines and apparatus consequent on augmentation of the supply as provided in the third proviso to the above clause. The proposed provision will also provide for recoveries of licensee dues in respect of alterations of lines under Rule 70 (2). Section 24(1) of the Act specifically lays down that the charges on the account on energy have to be recovered by the licensee by filing suits. To make the position clear the proposed Section may be amended as under: "Every sum declared to be recoverable by or under this Act excluding the under Section 24 and every fee .....as arrears of land revenue"

1	2	3	4	5
199	55 .	**Delegation of certain functions of*** *Union or State* **Government to Electrical inspectors :** The *Union or State Government as the case may be,* may by general or special order auhtorise the	*Shri P. C. Sarker, Electric Inspector of Mines* The purpose will be served if the words "Provincial Government" be substituted by the word "Government" and the term "Government" is defined in the Act as proposed by me above.	For the sake of clarity it would be desirable to retain the words "the State and the Central Govt" Wherever they are appropriate.
200	55	discharge of any of its functions under section 13, or section 18, or section 34, sub-section (2) or cluasee V sub-clause (2)or clause XIII of the Schedule by an Electrical Inspector.	*The Chairman Chief Engineer & General Manager) M P Electricity Board* In Section 55 as proposed by CEC please delete the words "Section 13 or Section 18 or " and the words "Sub-section (2) or clause V Sub-clause (2)" Amended in view of (Supply) Act.	In view of the remarks against Serial No 192 the suggestion may not be accepted.
201	Clause I	(c) **Security for execution of works of licences not being local authority :** The said sum deposited or secured by the licensee under the provisions of this clause	*Shri S.S. Kumar, punjab, P. W Department, Electricity Branch* In the proposed proviso 'of' should be substituted for the word 'or' in 4th line	Printing error to be corrected
202	Do	shall be repaid or released to him on the completion of the works or at such earlier date or dates and by such instalments, as may be approved by the State Government.	*Chief Engineer, Electricity, Govt. of Orissa Puri* The following words after "are not completed" appear necessary :— "or completed to specification" (this will ensure that for feiture of deposit could be made even for inferior quality of work)	This suggestion may be accepted.
203	Do	*Provided that if the works in the compulsory area are not completed or if the supply of energy is not commended by a licensee by the due date, the State Government may forfeit the whole or part of the amount so deposited.*	*Electrical Engineer to Govt. P.W.D Secretariat Fort, Bombay* 1 — In the proposed porviso after the words "by the due date" the words "or by the end of the period allowed by the State Government from time to time" may be added, as occasions arise in the case of many licensees for the extension of the period stipulated in the license due to difficulties experienced in securing the req uisite materials or some other causes.	The due date implies the date specified in the licence or as specifically extendeed by State Govt. This suggestion may not be accepted.
204	Clause II	**Audit of accounts of licensee not being local authority :** Where the licensee is not a local authority, the following provisions as to the audit of accounts shall apply :—	*Sri Krishan Chand, Secy to Govt., U. P. Public Works (D) Department* The phrase "approve in this behalf" occuring in the amended section may be deleted as in the opinion of this Government only the State Government should appoint auditors.	Some of the State Govts. approve the appointment of companies' own auditors to conduct the audit on their behalf. Retention of the words "approve in this be half" is, therefore, necessary. It is considered that the powers to appoint all auditors should be vested in the State Govts only. The reference to the State Electricity Boards, wherever it occures throughout this clause may, therefore, be deleted,

1	2	3	4	5
205	Clause II (*a*)	The annual statement of accounts of the undertaking shall, before being rendered under section 11 of the Indian Electricity Act, 1910, be examined and audited by such person as the **State* Government *or the State Electricity Board, where such a Board has been constituted* may appoint or approve in this behalf, and the remuneration of the auditor shall be such as the **State* Government *or the State Electricity Board, where such a Board has been constituted* may direct, and his remuneration and all expenses incurred by him in or about the execution of his duties to such an amount as the **State* Government *or the State Electricity Board where such a Board has been constituted* shall approve, shall be paid by the licensee on demand.	*Chief Electrical Inspector to Govt. of Madras, Madras.* The State Electricity Board itself is a licensee under the (Supply) Act. In the circumstances, I do not see how it would be proper for the Board to appoint an Auditor to audit fellow licensees' accounts.	*Vide* serial No. 204
206	Do		*Chief Electrical Engineer, Madhya Bharat, Indore.* Words "the State Government or the State Electricity Board where such a Board has been constituted" occurring in line 7 to 11 of sub-clause (*a*) of clause II (proposed) of schedule may be substituted by words "the State Electricity Board or where no such Board has been constituted the State Government" Also, words "State Government or the State Electricity Board where such a Board has been constituted" subsequently used in this schedule may be similarly replaced by words "the State Electricty Board or the State Government as the case may be". This will improve drafting. The powers of appointing or approving auditor and issuing direction regarding forms of keeping accounts should *as a priority* be given to the State Electricity Board who are vested with the responsibility of power development in the State. The power of appointing Rating Committees is also vested in the Boards whereever they are constituted under the Electricity (Supply) Act 1948. This power is supposed to be exercised by the State Government only if State Electricity Board is not constituted, hence the suggested Change; (The above remarks are offered under the impression that only one authority : State Electricity Board or State Government (where no State Electricity Board is constituted) will exercise powers in respect of Auditors etc. If however, the idea is that both these authorities should concurrently possess these powers, then the original text may be retained).	Do
207	Clause II (*b*)	(*b*) The licensee shall afford to the auditor, his clerks and assis-	*Chief Electrical Inspector to Government of Madras, Madras.*	

1	2	3	4	5
		tants, access to all such books and documents *including technical data and statements of energy generated and so*, relating to the undertaking as are necessary for the purposes of the audit, and shall when required, furnish to him and them all vouchers and information requisite for that purpose, and afford to him and them all facilities for the proper execution of his or their duties. (*c*) The audit shall be made and conducted in such manner as the **State* Government *or the State Electricity Board, where such a Board has been constituted* may direct.	The clause may be split and provision regarding technical data and statement of energy generated and sold may be included as a separate sub paragraph.	The technical data will be required for the purposes of the audit. The reason for the suggestion to split the clause is not understood. This suggestion may not be accepted.
208	Clause II (*c*), (*d*) & (*e*)	(*d*) Any report made by the auditor or such portion thereof as the **State* Government or *the State Electricity Board, where such a Board has been constituted* may direct, shall be appended to the annual statement of accounts of the licensee, and shall thenceforth form part thereof. (*e*) Notwithstanding the foregoing provisions of this clause, the **State* Government *or the State Electricity Board, where such* a Board *has been constituted* may, if it thinks fit, accept the examination and audit of an auditor appointed by the licensee.	The reference to State Electricity Board may be deleted	*Vide* serial No. 204.
209	Clause II (*f*)	(*f*) *In the event of a licensee knowingly by his act or omission makes a default in complying with the provisions of this Act or the Rules made thereunder or the Electricity (Supply) Act*, 1948 *in the keeping of his accounts, he shall in respect of such offence be liable to,*	The words "Knowingly by his act or omission" may be deleted. Default includes those done knowingly or unknowingly and it is for a Court to decide, whether a fine should be imposed or not.	This suggestion may not be accepted.

1	2	3	4	5
		a fine not exceeding rupees one thousand.		
210	Clause III	**Separate Accounts**—The licensee shall, unless the **State* Government *or the State Electricity Board, where such a Board has been constituted* otherwise directs, at all times keep the accounts of the capital employed for the purposes of the undertaking distinct from the accounts kept by him of any other undertaking or business.	**The reference to State Electrical Board may be deleted.** *Chief Electrical Engineer, Madhya Bharat, Indore.*	This suggestion may be accepted.
211	Clause III		*Same as Remarks against Clause, II a—Serial No. 206.* Words "State Government or the State Electricity Board where such a Board has been constituted" subsequently used in this schedule may be similarly replaced by words "the State Electricity Board or the State Government as the case may be."	*Vide* Serial No. 210.
212	Clause V (1)	..	*Chief Electrical Inspector to Government of Madras, Madras.* The period of 2 years and 6 months may be modified to provide for a period of 3 years for Generating licensees and 1 year and 6 months for Distributing licensees.	It is not necessary to make any distinction between the generating licensees and the distributing licensees for the purposes of laying down of further distribution mains. No. difficulties have been experienced so far in this respect except during war ime.
213	Clause V (1) (*a*)	1 (*a*) Where it is made by such owners or occupiers as aforesaid, the owners or occupiers making it do not, within fourteen clear days after the service on them by the licensee of a notice in writing in this behalf, tender to the licensee a written contract duly executed and with sufficient security binding themselves to take, or guaranteeing that there shall be taken, a supply of energy for not less than two years to such amount as will in the aggregate produce annually, at the current rates charged by the licensee, a **return not exceeding 15 percentum of the cost of the distributing mains to* the licensee;	The two years period is too short. It may be increased to five years. At the end of the clause, provision may be made to claim higher percentage returns in case agreement is for lesser period. *Chief Engineer, Electricity, Govt. of Orissa, Puri.*	This suggestion may not be accepted. *Vide* Serial No. 216.
214	Do.		If it is mandatory that a licensee has to extend distribution lines even to the remotest corner of his license area merely on a 2 years guarantee of assured return of 15% per annum of his expenses, much extensions may result in unprofitable outlay to the licensee.	Do.
215	Do.		Two years period seems too low. A longer period may be specified. *Electrical Engineer to Government, P.W.D. Secretariat, Fort, Bombay*—1.	
			The existing words "and with sufficient security binding themselves to take or" occurring in the sub-clause (*a*) should be deleted, as the minimum guarantee allowed under this clause to the licensee is sufficient. It is found that many licen-	As the State Govt. is empowered to approve the conditions of supply for regulating the relations between a licensee and the consumer the State Govt. can prevent the licensee from requiring the consumers to deposit unreasonable amo-

1	2	3	4	5
			sees have been demanding high amount of securities from the requisitionists, which the latter find it difficult to furnish. Shri S. K. Chatterjee, Secretary to the Government of West Bengal, Commerce & Industries Department, Mines & Power Branch.	unts of security. It is necessary for the licensee to take security deposit from the consumers to ensure regular payments of bills from the consumers. This suggestion may not be accepted. The word "or" occurring in line 12 of clause V (1) (*a*) appears to be a printing error for the word "and" and may be corrected.
216	Do.	Do.	The amendment lays down that a requisition may be made by : (*i*) at least 6 owners or occupiers of premises along with street or part there of (*ii*) the local authority responsible for street lighting. On receipt of the requisition, the licensee may, within 14 days, notify the signatories to the petition that unless the signatories : (*a*) will take a supply for at least two years, and (*b*) guarantee the supply to be of such an amount in the aggregate as will produce a reasonable return on the capital expenditure on the new mains, the licensee shall not be bound by the petition. It is now specified that— The guarantee demanded under (*b*) above shall not exceed 15%. We have to observe that the above are in line with certain provisions in the Schedule to the Electric Lighting (clauses) Act, 1899 according to which the undertakers may require such consumers to guarantee that a supply will be taken for at least 3 years of such amount as will at the rate for the time being charged to ordinary consumers produce annually a sum not exceeding 20% upon the expenses of providing and laying the distributioning mains and any other mains or additions to existing main with nearest available source of supply. A revenue from the supply amounting to 20% even does not represent a remunerative return in relation to the proportion of the total cost and expenses	So far the licensees have not complained about the inadequacy of the minimum period of two years. As regards the increase in the guarantee of reasonable return from 15% to 20%, this may be considered. In the proposed Section 22 provision has been made whereby the consumers would also be required to guarantee standing charges on account of capital expenditure incurred by the licensee (Serial No. 38 of the Statement of the proposed amendments to the Act).

1	2	3	4	5
			attributable to the supply and that upwards of one-half of such revenue is required for meeting working expenses, including the cost of generating or purchasing electricity apart from capital charges and provisions for reserve, renewals etc. We therefore suggest the clause V(1) (a) be amended to conform to the British practice by the substitution of three years' and 20% instead of two years and 15% specified in the draft.	
217	Do.	Do.	Shri S. S. Kumar, *Punjab P. W. Department, Electricity Branch.* In last but one line, after the word "mains" add "of size and capacity sufficient to carry the load of the requisitions". A licensee is likely to and would usually lay down over size mains to carry the load of future applicants and demand security on the cost of the same from the first six or more applicants whereas the intention is that the first six or more applicants should give guarantee of reasonable return against the cost of mains which are sufficient in size to carry the load of the applicants, of course, at the same time complying with the relevant Indian Electricity Rules, 1937.	This suggestion may be accepted.
218	Clause V (1) (*a*)	*Vide* serial No. 213.	*Chief Electrical Engineer, Govt. of Saurashtra, Rajkot.* Guaranteed return of 15% is inadequate. 20% should be considered the minimum requirements.	*Vide* Serial No. 216.
219	Clause V (1) (*a*) Proviso	'*Provided that the step-up or step down transformers and other substation equipment shall not be deemed to form part of the distributing mains for the purpose of calculating the guaranteed return or.*	*Chief Electrical Inspector to Govt. of Madras, Madras.* The proviso would indicate that cost of any E.H.T. or H.T. Line that may be involved should also be included in arriving at the Capital cost to work out the gaurantee. It wpuld be necessary to provide for guarantee to be based on the cost of only the distributing mains, at the voltage at which supply is proposed. This may be mde clear.	The licensee will have to get the guarantee on account of capital expenditure incurred on the erection of H. T. or L. T. supply lines which may be required for making supply available to the requisitionists. This suggestion may not be accepted.
220	Clause V (1) (*a*)		Shri S. S. Kumar, *Punjab P.W. Department, Electricity Branch.* Add a second proviso, as follows: "Provided further that if within two years after the commencement of	In view of the recommendation *Vide* Serial No. 215, the insertion of the 2nd proviso

1	2	3	4	5
			supply through the distributing mains, they are used by the licensee for giving other connection, the guaranteed return from these consumers shall be reduced in proportion to the load of the new consumers". This provision appears necessary in all fairness to the first applicants who should not continue to bear the entire burden for two years whereas those applying later on have to bear no burden as guarantee on the cost of mains. Since the licensee will be getting a guarantee from the new cnosumers for the use of energy, he would be deriving additional benefit from these mains and it is only reasonable that the first applicants should get some relief in the form of reduced guaranteed return to the licensee. *Electrical Engineer to Government P. W. D. Secretariat Fort, Bombay*—1	now suggested would not be necessary.
221	Clause V (1) (*a*) proviso.	*Vide* Serial No. 219	In the new proviso proposed, the words "in the absence of an agreement to the contrary" may be inserted after the word "Provided", to cover the specific cases where, according to the agreement between the parties, the licensee undertakes to provide the necessary transformers. Shri S. S. Kumar, *Punjab P.W. Department, Electricity Branch.*	If provision as proposed were incorporated the licensee would insist on getting guarantee on the expenditure incurred by him for Step-up and Step-down substations also and would provide for to that effect in the agreement. The acceptance of the proposal would defeat the purpose of the proviso and may not be accepted.
222	Clause VI	**Requisition for supply to owners or occupiers in vicinity**— (1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced a requisition is made by the owner or occupier of any premises situate within the area of supply requiring the licensee to supply energy for such premises, the licensee shall, within one month from the making of the requisition, or within such longer period as the Electrical Inspector may allow, *install the service*	A similar provision as suggested against Serial No. 217 Clause V(1).(*a*) should also be provided under clause VI. Shri S. K. Chatterjee, Secretary to the Government of West Bengal, *Commerce & Industries Department, Mines & Power Branch.*	This suggestion may be accepted.
223	Clause VI (1)		Under the existing clause a supply of Electricity may be demanded by— owners or occupiers of premises where a distributing main has been laid compulsorily for general supply to private consumers. The consumer, if required by the licensee shall contribute to meet the cost of : (*a*) service laid on the property of the consumer or other private property, (*b*) service laid outside private property to connect	The suggestion to retain the existing provisions whereby the consumers are required to contribute towards the cost of the service lines may not be accepted. The question of increase of the minmum guarantee from 15% to 20% may be considered. In view of the remarks given above in respect of the provisions for contribution by the consumers towards the cost of servce lines the ques-

1	2	3	4	5
		line at his own cost and supply, and, save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply energy in accordance with the requisition.	up to the distributing mains for a distance in excess of 100 feet. It is proposed in the draft amendment that the service line shall be installed at the cost of the licensee. Also the licensee may ask for a guarantee of revenue, for at least two years equal to not less than 15% of the capital cost of providing the supply, and also ask for security for the payments due. We have to observe that the existing provision as regards contribution in respect of service connection may be retained ; that the words 'instal the service line at his own cost' newly inserted in sub-clause (1) of clause VI be deleted and that the reasonable return be specified as 20% instead of 15% proposed on the capital cost of providing the supply. It is further submitted that for statutory consumers to whom a supply has to be given on demand a minimum distance from the distributing mains already laid be specified. The words 'within 50 yds of a distributing main' be inserted after the word 'situated' and 'within the area of supply'.	tion of providing for a minimum distance of 50 yards from the distributing mains does not arise.
224	Clause VI (1)	*Vide* Serial No 222	*Chief Electrical Inspector to Govt of Madras, Madras.* Heading : Replace the word "vicinity" by the words "area of supply" *Line* 8 : Provision is made in the existing as well as in the proposed clause for a requisition to be made by an owner or occupier. This definitely contradicts provisions of section 12 of the Act, where only the owner can permit laying of works on his premises. It is therefore suggested, that the words "owner or occupier" may be replaced by the following : "owner or occupier with the consent of the owner" The last portion of clause VI(1) reading "and say in so far as he is prevented .....continue to supply energy in accordance with the requisition" ap-	The suggestion to replace the word "vicinity" by the words 'area of supply' in the heading may be accepted Suggestion in para 2 will have to be accepted if it is decided that the licensee should not be empowered to place electric supply lines and works on or across any building without the consent of the owner as well as the occupier. It is believed that the owners and occupiers sometimes refuse to give their consent to licensees to supply energy when a requisition is made by an owner or occupier or vice-versa on account of indifferent relations existing between them. The Ministry of Law was consulted in this connection so as to enable a licensee to supply energy to an occupier

1	2	3	4	5
			pears to be out of place in the Schedule. It is a very important provision and it is advisable that it finds a place in the main Act itself	without the consent of the owner or to enable an owner to provide electricity without the consent of the occupier. They have opined that there is no objection to the amendment of the provisions to that effect. The Board may therefore consider the advisability of amending Clause VI and Section 12(2) as well. The amendment to the above effect will however affect the ownership rights of the owner under the Common Law, which is not considered desirable.
				The suggestion to incorporate the last portion of Clause VI (1) reading, "and say in so far .....requisition" in the main Act would mean a consequential amendment to Section 26 of the electricity (Supply) Act, 1948, which exempts the State Electricity Boards from the application of Clause VI. As the provisions relate to giving of service connections, it is in the appropriate place. This suggestion may not be accepted
225	Clause VI(1)		*Chief Engineer, Electricity, Government of Orissa, Puri* It should not be mandatory on the licensee to instal a long service line at his own cost in all cases even if the consumers were to guarantee a return of 15% for 2 years or more. Although the licensee or the Electricity Board is allowed to make 5% on the capital base this will not by itself protect the other consumers where unduly long service connections are required by certain consumers. If the consumer in the compulsory area has asked for a very long service line at a very high cost the rest of the consumers will have to pay a higher rate so that the 5% overall can be produced. In the case of Electricty Board where the area of supply is very large this may also result in a very long line being called for by industrialists for the sake of small saving in their construction. It is therefore desirable that there be a limit to the length of the service line for : (1) ordinary consumers. (2) in the case of large loads Where the load is within a	If the consumer guarantees a return of 15% other con-

1	2	3	4	5
			reasonable distance say within a mile or two of the substations or generating station the licensee may be allowed to give the supply on the basis of a minimum return of 15% for a reasonable period : two years in this case is too small. (3) In other cases the consumer may either be required to pay the cost of the extra long service line or the licensee if he so desires be allowed to adjust the fixed part of the tariff to provide for depreciation, interest and maintenance charges of the extra long service line until the accumulated depreciation charges on the line equals the cost of the service line Otherwise the long lines may be requisitioned unduly and this may raise the general cost of the supply to other consumers located nearby. Regarding the utilisation of a long line paid for by a consumer to supply another consumer this can be provided for by providing a suitable compensation to him taking into consideration the length of the line utilised for the other consumer, and the loads carried for the two or more consumers. No doubt if there are a number of consumers on one line this will have to be treated as a distribution line to be provided for and maintained by the licensee. *Chief Electrical Engineer, Govt. of Mysore. Bangalore*—1.	sumers will not be affected The State Electricity Boards are not bound to lay down long unremunerative distribution mains or service lines as are exempted from the provisions of this Clause by virtue of the provisions of Section 26 of the Electricity (Supply) Act. As regards the utilisation of long line paid for by the consumer for supply to other consumers and providing for suitable compensation to the first consumer, remarks against Serial No 217 and 222 may be referred to.
26	Clause VI (1)	*Vide* Serial No. 222	Add the following proviso under this clause : "Provided that in those States where the ownership of the consumer's service lines vests with the consumer the cost of installing and maintaining such service mains shall be borne by the consumer". (Remarks : In the Mysore Govt. Electrical Department the practice has all along been to draw the Supply line up to the enclosure containing the consumer's premises and thereafter the consumer has	Under Sub-clause (2) of this Clause provision has been made whereby the ownership of the service lines even if paid for by the consumer is to be transferred to the licensee and the licensee will be required to maintain the service line free of cost to the consumer. This suggestion may not be accepted.

1	2	3	4	5
			his own service mains put up by a licensed electrical contractor. This proviso has been added in order to allow for this practice to continue so far as may be necessary). *Chief Electrical Inspector to Govt. of Madras, Madras.*	
227	Clause VI (1) 1st Proviso	Provided first that— (*a*) the licensee shall not be bound to comply with any requisition, unless and until the person making it, within fourteen days after the service on him, by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the **State* Government duly executed and with sufficient security binding himself to take a supply of energy for not less than two years to such amount as will *in aggregate* produce *annually* at current rates charged by the licensee a * return *to the licensee *not exceeding* 15 *percentum of the cost of service line.*	*First Proviso Sub-clause* (a) : I note that the cost of the mains extension required as also of the service line has to be borne by the licensee. That means there is no material difference between clause V and clause VI. With the proposed amendment every consumer will have a different minimum since the cost of his service line will be different and I do not know whether it is healthy to have one minimum for each house. I do hot think this is a proper solution to all our difficulties regarding service line we are having. It will be exceedingly difficult to decide when the tariff minimum will apply in a case, since load, length of line extensions, additions to be made and so many factors have to be considered. The 15% return for 2 years would also be inadequate to cover a licensee's investments. *Chief Electrical Inspector to Govt. of Madras, Madras.*	There is a definite difference in the provisions of Clause V and Clause VI. The provisions in Clause V relate to laying down of further distribution mains and those in Clause VI relate to giving of service connections from the existing distribution mains. The question of different minimum for each consumer is not likely to arise as the licensees would lay down different schedule of minimum charges for different classes of consumers in different areas based on the average lengths of service line, the load demanded etc. For example, one minimum charge would be specified for the connections in the city type of areas, another for connections in the Civil line type of areas and the third for outlying areas on the basis of average cost of giving connections in such areas.
228	Clause VI (1) Proviso sub-clause (*b*)	(*b*) *unless directed so to do by the State Government a licensee shall not show any preference to consumers in giving supply, and.*	First Proviso, Sub-clause (*b*) : I do not see any reason, why at all, a State Govt. should have powers to ask the licensee to extend, preference in any case.	The provision under sub-clause (*b*) of the proviso has been made to cover special cases of supply for short periods, in emergencies etc. The porvision may, therefore, be retained, to cover such special and emergency cases. This suggestion may not be accepted.
229	Clause VI (1) 1st Proviso sub-clause (*c*)	(*c*) *where a number of consumers make a requisition for supply, the licensee shall apportion the cost of service line for the purposes of calculating the guaranteed return in proportion to the connected load of individual consumers.*	Frist Proviso, sub-clause (c) : The proposed procedure would become very confusing as apportioning will have to depend on the load involved, extension lines needed, length and size of distributory mains, time of incidence of load etc. *Chief Electrical Engineer, Government of Saurashtra, Rajkot.*	*Vide* Serial No. 22
230	Do.	*Vide* Serial No. 229	The comments as given against Serial No. 218 also apply to this. However it is considered that this will cause great confusion. The mi-	*Vide* Serial Nos. 216 and 226. As regards the tapping of the service line of the old consumer for the use of another

1	2	3	4	5
			nimum guarantee of each consumer will differ as each service line cost will differ. There must be one minimum charge and two years guarantee to be accepted by consumer. If lincensee thinks that the service cost necessitates increasing this minimum than he can demand it. Without some such provision of eliminating unnecessary complication work of accounts will be very difficult. This clause should specifically also now mention that the Licensee will be entitled to tap the service line from outside the premises or loop the service from the service board. The consumer cannot argue against it.	consumer without the consent of the first consumer the licensee could do so as the licensee will provide the service line at his own cost under the amended povision.
231	Clause VI (1) 4th Proviso		*Chief Electrical Engineer Madhya Bharat, Indore.* In fourth proviso, provision for not complying with requisition from a consumer when generating plant is over-loaded may also be made. (In Madhya Bharat we have the Madhya Bharat Electricity (Special powers) Act and under Section 5 (*a*) (*i*) thereof control is possible, but there may be other States where such an enactment has not been passed. The suggested provision will cover them also till the plant can be augmented).	The acceptance of the suggesttion would tantamount to making emergency provisions in the Act and may not be accepted as it is likely to create a tendency on the part of the licensees not to plan ahead.
232	Clause VI (2)	(2) *Unless otherwise agreed upon between a licensee and a consumer any service line laid for the purpose* of supply in pursuance of requisition under sub-clause (1) shall, not withstanding that a portion of it may have been paid for by the person making the requisition, *become the property of the licensee, and shall be maintained* by** *him free of cost to the consumer.*'	*Chief Electrical Inspector to Govt. of Madras, Madras.* I find from the new proposals, that service connection is to be provided by a licensee on a guarantee basis. The entire connection is therefore, put up by the licensee at his cost. I am therefore, unable to undersand the need for this clause as there can be possibly be no question about ownership.	At present the question of ownership of service line is unsettled. The provision is necessary to cover the cases of service lines paid for by the consumers in the past and those where the consumer is unwilling to agree to the minimum guarantee but is prepared to contribute towards the cost of the service line. The proposed sub-clause (2) may therefore be amended as under; to make the intention clear. 'Unless otherwise agreed upon between the licensee and the consumer in cases where a consumer is unwilling to guarantee the minimum return specified in subclause (1) above, any service line laid.....the consumer'.
233	Clause VI (2)	-Do-	*Chief Electrical Engineer, Govt. of Mysore, Bangalore-1.* After the words "free of cost to the consumer", add the words : "except in those	*Vide* Serial No. 225

1	2	3	4	5
			States where the service lines are installed and maintained at the cost of the consumer."	
234	Clause VI (3)	(3) Where any difference or dispute arises as to the amount of energy to be taken or guaranteed as aforesaid *or as to the position of meter boards and service lines on consumers premises* or as to the cost of service line *for the purpose of arriving at the guaranteed return* or as to the sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires, fittings, works or apparatus ; or as to the amount of the expenses incurred under the third proviso to sub-clause (1), the matter shall be— to an Electrical Inspector and decided by him. *Provided that before either a licensee or a consumer applied to the Electrical Inspector under this sub-clause he shall give to the other party not less than fifteen days notice of his intention so to do.*	*Chief Electrical Inspector to Govt. of Madras, Madras.* I note that a dispute or a difference as to the position of meter board and service lines on consumer premises has to be decided by a reference to the Electrical Inspector. It would be very difficult for an Electrical Inspector who is far away to decide. It is better that such matters are left to the discretion of the licensee who inspects locally.	As the service lines are to be provided by the licensee at his own cost there will be a tendency on his part to reduce the cost thereon and to instal a meter board etc. in situations inconvenient to the consumers. The provision for decision by an impartial authority like the Electric Inspector is necessary in cases of difference or dispute arising out of such matters.
235	Clause VI (3)		*Sri S.K. Chatterjee, Secy. to the Govt. of West Bengal, Commerce and Industries Deptt., Mines and Power Branch.* The word "referred" shall be substituted between the words "shall be" and "to an Electrical Inspector". This is a clear case of omission.	Printing error to be corrected.
236	Clause VI (3)		*Chief Electrical Engineer, Madhya Bharat, Indore.* In line 3 from the bottom of sub-clause 3, word "referred" may be added after the word "be". This is a printer's devil.	Printing error to be corrected.
237	Clause VI	General . . .	*Shri D. S. Perumalsamy Yaday, Sri Okulam, Tinnevelly Town.* The ownership of service line is question of doubt. upto 100 feet the licensee is bound to provide service line at his cost and the rest at the cost of the consumer. The licensee should maintain the line and is responsible for its proper condition. Here the following questions arise :— 1. Whether the whole service line is the property of the licensee or that of the consumer. 2. Whether the consumer has proprietory right over the portion of the service line freely contributed by the licensee. 3. Whether the licensee can interfere with ser-	Since the ownership would be vested in the licensee the points raised do not arise.

1	2	3	4	5
			vice line (either on the free portion or the consumer's portion) without the consent of the consumer for any other purposes except for maintenance. 4. Whether the licensee can take loop line from the service line intended for one house, to any number of houses without the consent of the original consumer. 5. Whether the consumer is liable to pay for if the service is to be renewed after certain period if damaged by any inevitable occurrences.	
238	Clause VIII (1)	**Supply for public Lamp:-** (1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced a requisition is made by the **State* Government or by a local authority requiring the licensee to supply for a period of not less than *three years energy for any public lamps within the area of supply the licensee shall supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply, energy for such lamps in such quantities as the **State* Government or the local authority, as the case may be, may require	*Chief Engineer of Bihar, Electricity Deptt.* In the proposed amendment, the period of agreement has been reduced to 3 years from 7 years. As such an agreement takes a long time to be finalised requiring approval of Govt. so the period of three years appears to be too short. So, it is proposed that the period of agreement may be for 5 years but the rates may be varied at the end of the third year by mutual consent.	In view of the powers of the licensee under the Electricity (Supply) Act, to adjust his rates from time to time the question of the period of the agreement is really immaterial as the licensee is bound to provide for the revision of his rates of supply from time to time in the agreement.
239	Clause VIII (1)		*Chief Electrical Inspector to Govt. of Madras, Madras.* The first period of agreement as three years is too short a period where licensee has to incur capital expenditure on special street light, control wires, and switches and sometimes in street light brackets etc. This can be for 5 years.	The suggestion to increase the period to 5 years may however, be accepted.
240	Claues VIII (1)		*Chief Electrical Engineer, Madhya Bharat, Indore.* The period of seven years in this sub-clause may be retained, for it is not clear how the provision suggested would help the licensee in revising the rates. In fact, provision for revising of rates periodically, say, at Intervals of 3 years, duly incorporated in the agreement, can be made in agreement under Clause XII of the Schedule.	*Vide* Serial No. 237.
241	Clause VIII (1)		*Chief Electrical Engineer, Govt. of Saurashtra, Rajkot.* Here it must be made clear that cost of lamp, brackets and other equipment of lighting shall be either	*Vide* Serial No. 237.

1	2	3	4	5
			supplied and fixed by local authority or State Govt./or Licensee shall put these and charge the actual cost of material and labour plus 15 per cent. supervision and storage charges to the local authority or State Govt.	The provision suggested is a matter of detail and could appropriately be made in the agreement to be executed between the local authority and the supplier of energy.
242	Clause VIII (2)	(2) The provision of sub-clauses (*b*) *and* (*c*) of the first proviso, of sub-clauses (*c*) and (*d*) of the second proviso, and of the third provisos to sub-clause (1) and the provisions of sub-clauses (2) and (3) of clause VI shall, so far as may be, apply to every case in which a requisition for the supply of energy is made under this clause as if the* **State* Government or local authority were an owner or occupier within the meaning of those provisions.		
243	New Clause VIII (3)	(3) *A licensee shall permit placing of mains and other equipment for the purpose of public lighting on his works and in the event of a dispute in this respect, he or the local authority may refer the matter for settlement by arbitration under Section 52 of this Act.'*	*Sri Krishan Chand, Secy. to Govt., U. P., Public Works (D) Department.* This Govt. are unable to agree to the addition of the proposed new sub-clause (3) as the local authority in their opinion should have no right to put their mains on the licensees' Works.	*Vide* Serial No. 246.
244	New Clause VIII (3)		*Sri S. K. Chatterjee, Secy. to the Govt. of West Bengal Commerce & Industries Deptt., Mines & Power Branch.* This new clause has been added to make the placing of street lighting mains and other equipment on the works of the licensee compulsory. It is apprehended that the provision will lead to endless complications unless agreement is reached with the licensees. It is, therefore, recommended that the provision be deleted.	Do.

1	2	3	4	5
245	New Clause VIII (3)	Do.	*Chief Electrical Inspector to Govt. of Madras, Madras.* It would be normally wrong to have a provision which permits a third party to fix his equipments on licensee's posts but a licensee in a local authority area is in a different category since he has himself fixed his posts on roads belonging to the local authorities though under the statutory powers vested in him by the licence. Hence any powers to be possessed by the local authorities should not be there because of Indian Electricity Act but because of inherent powers under the local authorities Act. The district Municipalities Act in this State, provides for such powers and that would be the proper place for it.	*Vide* Serial No. 246.
246	New Clause VIII (3).	Do.	*Electrical Engineer to Govt. P. W. D. Secretariat, Bombay-1.* The proposed sub-clause (3) may be amended as follows : "A licensee shall place on his works separate mains and other equipments for public lighting, if so required by the State Government or local authority, where the State Government or local authority has complied with the provisions of sub-clauses (1) and (2) above, and in the event of a dispute in this respect, the matter may be referred to arbitration by either party: Provided that for the purpose of this sub-clause, such mains, together with all equipment, shall be considered as service line ....."	This suggestion may be accepted.
247	New Clause VIII(3)	Vide Serial No. 243 .	*Chief Electrical Engineer, Madhya Bharat, Indore.* The amendment proposed by Mr. Nadkarni is not considered necessary as it is likely to lead to disputes and create confusion in the following cases :— (*i*) Supposing the Municipality has got or wants to make its own arrangement of lighting some or all parts of the area of supply from their generating plant (forming part, may be, of their Water Works) and the Govt. is persuaded to grant a	*Vide* Serial No. 246.

1	2	3	4	5
			concurrent licence to the Municipality, this amendment will compel the licensee to allow the Municipality to use his poles for placing of Street Lighting main and fittings of the Municipality. This will not be fair to licessee. (*ii*) In cases of which kind we have one or two in Madhya Bharat where, by an agreement between licensee and the Municipality for supply for street lighting, the Municipality has to lay main and *maintain them* the 'whip hand' given by this amendment to the Municipality can create considerable complication and interference with the licensee's works. The best course would be that the agreement provides for maintenance as well as provision of mains and fittings by the licensee as an inclusive charge in the rates for street light. *Chief Electrical Engineer, Govt. of Saurashtra, Rajkot.*	
248	New Clause VIII(3)	Do.	The addition of new clause suggested by Shri Nadkarni is not correct. This envisages a separate lighting system by Licensee and Local authority. This will be necessary where municipal lighting rates are not agreed to by local authority. There must be arbitration to settle this rate but this should not allow duplicating of lines. This will put premium on the intransigence of local authority. *Sri Krishan Chand, Secy. to Govt., U.P. Public Works (D) Department.*	*Vide* Serial No. 246.
249	Clause IX (*b*)	**Special provisions applying to supply by bulk licensees**—(*b*) such distributing licensee shall, if required by the bulk licensee so to do, enter into a written agreement to receive and pay for a supply of energy for a period of not less than **three* years of such an amount that the payment to be made for the same at the rate of charge for the time being charged for such supply shall not be less than such an amount as will produce *a return not exceeding 15 per centum per annum* to the bulk-	In sub-cuause (1)(*b*) of this Clause, for the words "three years" substitute the words 'five years'.	This suggestions may be accepted for the reasons as given in Serial No. 238.
250	Clause IX(*b*)		*Chief Electrical Engineer, Madhya Bharat, Indore.* The word "not exceeding 15 per centum per annum" should be replaced by "of 15 per centum per annum". Let us fix the return at 15% neither more nor less.	It is desirable to have flexibility in the provision. This suggestion may not be accepted.

1	2	3	4	5
		licensee on the outlay excluding expenditure on generating plant then existing and any electric supply-line then laid down or placed) incurred by him in making provision for such supply.	*Chief Electrical Inspector to Govt. of Madras, Madras.*	
251	Clause IX (*b*)		The three years period provided is too short. I note from clauses V and VI above that 15% return is provided for supply under L.T. In the circumstances a 15% return for bulk supply which is generally made on H.T. or E.H.T. would then appear too high. A 12½% return would be more appropriate for such supplies.	Three years period has been recommended to be increased to five years *vide* Serial No. 238 and 249. In this case 15% is considered reasonable and may be retained. This suggestion may not be accepted.
		Methods of charging—		
252	Clause X (2)	(2) Before commencing to supply energy through any distributing main the licensee shall give notice, by public advertisement, of the method by which he proposes to charge for energy so supplied ; and where the licensee has given such notice, he shall not be entitled to change that method of charging without giving not less than one month's notice in writing of such change to the **State Government and the State Electricity Board where such a Board has been constituted,* and ; to the local authority (if any), concerned, and to every consumer of energy who is supplied by him from such distributing main.	The clause may be reworded as below : "Before commencing the supply of energy the licensee shall print and make available to the public his rates and conditions of supply. The licensee shall not be entitled to change the rates and conditions of supply without giving not less than one month's notice in writing of such change to the State Government and the State Electricity Board where such a board has been constituted and to the Local Authority (if any) concerned and to every consumer of energy who is supplied by him from such distributing main.	This suggestion may be accepted.
			Sri S.K. Chatterjee, Secy. to the Govt. of West Bengal, Commerce and Industries Deptt., Mines & Power Branch.	
253	Clause XI	Repealed	It has been proposed to repeal the provision of the existing clause, as the provision of maximum charges in the license is considered contrary to the provisions of Section 57 and 58 of the Electricity (Supply) Act. This Govt. has been advised differently *Vide* comments to Sl. No. 13, Section 3. It is the considered opinion of this Govt. that the existing provision should be retained. *Shri Krishan Chand, Secretary to the Government, U.P., Public Works (D) Department.*	*Vide* Serial No. 36
254	Clause XI 1st Proviso.		The question whether or not the Sixth Schedule to the Electricity (Supply) Act, 1948, permits as Electric	Do.

1	2	3	4	5
			Supply Undertaking automatically to increase its rates subject to the reasonable return not being exceeding and without any regard to the maxima fixed in the licence has been causing some difficulty in the work of the Rating Committee constituted in this Pradesh for examining the accounts of certain Electric Supply Undertakings. With a view to settling the controversy and safeguarding the interests of the consumers against the danger of unnecessary increase in the rates of supply of electric energy by inefficient electric supply undertakings this Government consider that the first proviso to clause XI of the Schedule to the Indian Electricity Act, 1910 should be amended to read as below: "Provided that if at any time after the expiry of one year from the commencement of supply of electric energy the State Government or the licensee considers that the maxima as fixed or approved should be increased the State Government of of its own or on the request of the licensee refer the matter to a Rating Committee constituted under section 57 of the Electricity (Supply) Act, 1948 and if the Rating Committee recommends any increase the State Government may make an order in accordance with provisions of section 57 of the Electricity (Supply) Act, 1948". *Shri S. S. Kumar, Punjab. P.W .Department, Electricity Branch.*	
255	Clause XIA	XI-A. **Minimum charges**: A licensee may charge a consumer a minimum charge for energy of such amount and determined in such manner as may be specified by his license, and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer during the period for	As Clause XI has been proposed to be repealed, it is suggested that this clause should be numbered as Clause XI, and that the words "notwithtanding that energy has not been used by the consumer during period for which such minimum charge is made upto the amount of the minima charges at current rates" should be substituted for the words "notwithstanding that no energy has been used by the	It is for consideration whether this clause should at all be incorporated as the licensee will be able to get the guaranteed return under Clauses V & VI of the Schedule to the Act.

1	2	3	4	5
		which such minimum charge is made.	consumer during the period for which such minima charge is made". After the word "used" in 9th line (col. 7) add "or the bill at current charges for the energy consumed" and at the end, add "is less than the minimum charge".	
256	Clause XIA	*Provided that, if at any time after the expiration of three years from the commencement of the license the State Electricity Board or where such a Board has not been constituted the State Government considers that the minima so fixed or approved as aforesaid should be altered, it shall make an order for such alteration as it thinks fit and that order shall have effect from such date as may be mentioned therein.*	*Chief Electrical Inspector to Govt. of Madras, Madras.* Delete the words "of such amount and determined in such manner as may be specified by his licence", as consumers are going to be supplied on a return basis and each supply will have his own minimum.	*Vide* Serial No. 255.
257	Clause XIA		*Chief Electrical Engineer, Madhya Bharat, Indore.* Clause (XI-A) may now be renamed as XI as the present clause XI is being repealed.	Do.
258	Proviso to Clause XIA	*Provided also, that where an order in pursuance of the foregoing proviso has been made, no further order to alter the minima fixed thereby shall be made until the expiration of another period of three years.*	*Chief Electrical Inspector to Govt. of Madras, Madras.* The right to go before a rating committee cannot be taken off by introducing a provision to the schedule to the Indian Electricity Act.	Do.
259	Clause XIV	**Facilities for testing—** The licensee shall for inspection and testing of his works and for the reading, testing and inspection of his instruments, *by an Electrical Inspector, or other duly authorised person or persons* and may on each occasion of the testing of his works be represented by an agent, who may be present, but shall not interfere with the reading, testing or inspection.	*Chief Electrical Engineer, Madhya Bharat, Indore.* The words 'other duly authorised person or persons in the proposed clause XIV of the Schedule may be replaced by "person or persons duly authorised by him". This will permit the Electric Inspector to depute his assistants etc. for the purpose. Otherwise it remains vague as to who is competent to authorise such person or persons. *Shri Krishan Chand, Secretary to Government, U.P., Public Works (D) Departpartment.*	This suggestion may be accepted.
260	Clause XV	**Testing of works—** On the occasion of the testing of any works of the licensee by an	The second proviso restricts the testing of the licensee's works by the Electric	No difficulty has been experienced so far in this respect. This Proviso may be retained

1	2	3	4	5
		Electricial Inspector *or other duly authorised person or persons* reasonable notice thereof shall be given to the licensee; and the testing shall be carried out at such suitable hours as in the opinion of the Electrical Inspector *or other duly authorised person or persons*, will least interfere with the supply of energy by the licensee and in such manner as the Electricial Inspector *or other duly authorised person or persons*, may think fit, but except under the provisions of an order made in each case in that behalf by the *State Government, the Electricial Inspector *or other duly authorised person or persons* shall not be entitled to have access to, or interfere with the works of the licensee at any points other than those at which the licensee himself has access to the same : Provided that the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by, or required by the Electrical Inspector *or other duly authorised person or persons* for the purpose of any such testing as aforesaid : Provided also that the testing shall not be made in regard to any particular portion of the works oftener than once in any three months unless in pursuance of an order made in each case in that behalf by the **State* Government.	Inspector to once in any three months. The Electric Inspector should have the right to inspect the licensees works even earlier than three months if necessary. This may be suitably modified.	**This suggestion may be accepted.** **No difficulty has been experienced so far in this respect.** **This Proviso may be retained.**
			Chief Electrical Inspector to Government of Madras, Madras.	
261	Clauses General		I feel that all important provisions of the Indian Electricity Act should be contained in the Body of the Act and not in the Sche-	This suggestion may be considered.

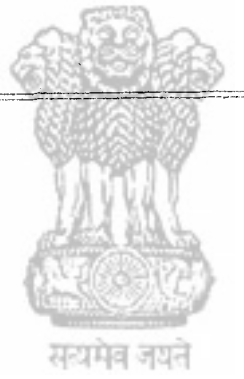
1	2	3	4	5
			dule. I am not sure that from this viewpoint, Schedule to the Indian Electricity Act is necessary at all. As it is, the Schedule contains many provisions very important to consumers. They find it very difficult to locate these in the Act. But there is nothing special about these as will prevent their incorporation in the Act as Sections.	
			Chief Electrical Engineer, Madhya Bharat, Indore.	
262	Section 3 (1)	..	The question of Government also having Licensees obligations etc. to a certain extent, has already been dealt in item 19 above. It is advisable to define to that the Government will be a licensee like the Electricity Board and the former would be the case only if State Electricity Board is not constituted.	*Vide* Serial No. 15.
263	5	..	It is not clear from the remarks in column 6—"Reason for considering the proposed amendment unnecessary"—how such cases as pointed out in column 5 would be regulated.	Under the provisions of Section 58(2) the terms of any licence which has been granted would not be affected by the proposed amendments to the Act.
264	10-A New	..	A provision for investing of depreciation fund in easily realisable Government Securities may however, be made either as a New Section 10A or as an amendment to the Sixth Schedule to Electricity (Supply) Act 1948 as it has not been done and it should be further provided that the amount of depreciation will be spent only with prior sanction of the State Govt. This is necessary because it has been found at least in Madhya Bharat that though amount is set aside for depreciation, but it is spent not only on replacement of plant etc. but for other purposes also.	According to the provisions of Paragraph VI(2) of the Sixth Schedule to the Electricity (Supply) Act, the accruals in the Depreciation Fund are to be invested only in the business of electricity apply or in investments approved by the State Government. The question of making a provision in this regard in the I.E. Act, 1910 does not therefore, arise. This suggestion may not be accepted.
265	11-A New	..	Add new Section after Section 11A "*Details of Licensee's Accounts.* The Licensee shall render with due expedition such details and supplementary information in respect of the annual accounts as may be requisitioned by the State Government or authority appointed by it". This is to enable the Government to call for explanation	Under Section 11 the licensee is required to render to the State Govt. or such other authority as the State Govt. may appoint in that behalf an annual statement of accounts of his undertaking containing such particulars as may be prescribed in that behalf. These particulars are to be prescribed by the Central Electricity Board under the Rules.

1	2	3	4	5
			or elucidation etc. if any, regarding the statement of accounts.	The C.E.B. in its last meeting decided to incorporate a provision whereby the State Government would be empowered to direct the licensee to furnish to it any additional information that it may require in connection with the accounts. This suggestion may not be accepted.
266	12A New	..	It is not clear what are the reasons for not considering Mr. K.G. Bell's proposal. It may come handy in cases where lines have already been laid traversing private property.	The provision for entry by the licensee at reasonable times on the property on which the licensee's electric supply lines and other works are laid already exists under the provision of Section 20(1). This suggestion may not be accepted.
267	18 (3)	..	The suggested addition to Section 18(3) in respect of trees etc. in a Cantonment is quite necessary. In the absence of a clear provision to this effect, many complications can arise in the Licensee's discharge of his duties effectively and efficiently. *Shri S. S. Kumar, Punjab P. W. Department, Electricity Branch.*	Once the Cantonment Authorities consent to the grant of the licence for Cantonment area the objection would not arise and the existing provision would cover the works in the Cantonment area also. This suggestion may not be accepted.
268	Clause VI(1)	—	It is necessary to provide for some limitation. The words "not exceeding six months" should be substituted so as to read "not exceeding one year".	The period of one year is too long for the augmentation of the mind and is likely to cause inconvenience to the prospective consumers. This suggestion may not be accepted.
269	Clause XII	—	The words "and for other charges in connection with the same" should be added, as recommended by the Electrical Inspectors' conference, since the existing clause would appear to limit the arbitration to the price of energy only, while the charges for public lighting include other charges also, such as those for lamp renewals and for the maintenance of the street-lights, etc. *Chief Electrical Engineer, Madhya Bharat, Indore.*	This suggestion may be accepted.
270	Clause XII	..	In order also to provide for arbitration in case of disputes regarding maintenance of *street light fittings, mains* etc. the suggestion made by Electrical Inspectors' conference may be incorporated. In fact, the following words may be added after the words "be ascertained" in line 5 of the text "and other charges in respect of such a supply".	*Vide* Serial No. 269.

NOTE.—Comments and the remarks thereon against Serial Nos. 262 to 270 refer to sections and clauses mentioned in the Annexure to the statement of the amendments proposed by the late Central Electricity Commission at Appendix II.

APPENDIX IV

Orders And Notifications of the Ministry Of Irrigation And Power Government of India New Delhi



APPENDIX IV (a)

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION & POWER.

New Delhi, the 17th September, 1953

ORDER

No. EL-II-213(4)/I —Whereas the Central Government has had under consideration for some considerable time now the question of revising the Indian Electricity Act, 1910 (I of 1910), in order to remedy its shortcomings and to bring it into line with the present requirements of the electricity supply industry;

And whereas difficulties in the working and administration of the said Act having been from time to time brought to its notice, the Central Government has decided to constitute for the whole of India except the State of Jammu and Kashmir an Advisory Board under sub-section (1) of section 35 of the Indian Electricity Act, 1910.

Now, therefore, in exercise of the powers conferred by sub-section (3) of section 35 of the said Act the Central Government hereby provides as follows :—

(i) *Numbers of members of the Board and manner of their appointment*——

The number of members of which the Board shall be constituted shall be eight and the members shall be appointed by the Central Government by notification in the Gazette of India;

(ii) *Duties of the Board*—

The Board shall make a detailed study of the question of amending the Indian Electricity Act, 1910, in the light of :—

(a) the views of the various individuals, institutions and State Governments received by the Government of India;
(b) the proceedings of the Conference of Electrical Inspectors held in December 1928;
(c) the action taken by State Governments to amend the Indian Electricity Act, 1910;
(d) the comments of the State Governments on the draft amending bill circulated by the late Labour Department on 22nd August 1938;
(e) comparable legislation abroad;
(f) the Electricity (Supply) Act, 1948; and
(g) any other matter considered relevent by the Board, and shall recommend within six months to the Government of India their proposals to amend the Indian Electricity Act, 1910;

(iii) *Procedure of the Board*—

(1) Subject to any directions that may be given by the Central Government from time to time, the Board shall regulate its own procedure.
(2) The Board may determine any matter with the aid of assessors specially qualified for the purpose.
(3) Every such assessor shall be nominated by the Central Government.

(iv) *Tenure of office*:—The members of the Board shall hold offices for a period of six months from the date of their appointment.

(v) *Fees and travelling expenses*:— The fees and travelling expenses payable to the assessors (if any) shall, from time to time be determined by the Central Government.

Sd. T. SIVASANKAR,
Secretary to the Government of India.

Copy forwarded to all State Govts. Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat, the Secretary to the President.

Copy also forwarded to the Central Water & Power Commission (Power Wing), the General Manager, Northern Railway, Delhi, the Chairman and all members of the Advisory Board.

Sd. K. L. SAXENA,
Assistant Secretary to the Govt. of India.

APPENDIX IV(b)

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION AND POWER

New Delhi, the 18th September, 1953

NOTIFICATION

No. EL-II-213(4)II:—In exercise of the powers conferred by sub-section (1) of section 35 of the Indian Electricity Act, 1910 (IX of 1910) the Central Government hereby constitutes for the whole of India except the State of Jammu and Kashmir, an Advisory Board to be known as "The Advisory Board on the Amendment of the Indian Electricity Act, 1910 consisting of the following members, namely:—

1. Dr. K. P. P. Menon, Utilisation member, Central Water and Power Commission, New Delhi. *Chairman.*
2. Shri K. N. Ranga Rao, Chief Electrical Engineer, Northern Railway, New Delhi. *Member.*
3. Shri S. S. Kumar, Chief Engineer, Punjab Public Works Department, Electricity Branch, Chandigarh. *Member.*
4. Shri S. G. Nadkarni, Electrical Engineer to the Government of Bombay, Bombay—1. *Member.*
5. Shri N. N. Sen Gupta, Chief Electrical Inspector, Government of West Bengal, Calcutta. *Member.*
6. Shri G. Chandy, Chief Electrical Engineer, Government of Mysore, Bangalore. *Member.*
7. Shri B. N. Sibal, Chief Electrical Engineer, Government of Madhya Bharat, Indore. *Member.*
8. Shri T. N. Idanani, Senior Project Officer, Central Water and Power Commission, (Power Wing), Simla. *Member-Secretary.*

Sd. T. SIVASANKAR,
Secretary to the Government of India.

Copy forwarded to all State Governments Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat, the Secretary to the President.

Copy also forwarded to Central Water and Power Commission (Power Wing), General Manager, Northern Railway, Delhi, the Chairman and all members of the Advisory Board.

Sd. K. L. SAXENA,
Assistant Secretary to the Government of India.

APPENDIX IV(c)

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

New Delhi, the 13th October, 1953

NOTIFICATION

No. EL-II.-213(4)*II*.—In exercise of the powers conferred by sub-section (1) of section 35 of the Indian Electricity Act, 1910 (IX of 1910) and in partial modification of the Government of India, Ministry of Irrigation and Power Notification No. EL-II-213(4)II, dated the 18th September, 1953 the Central Government hereby appoints Shri R. Vanchinathan, Chief Electrical Engineer, Northern Railway, as a member of the Advisory Board *vice* Shri K. N. Ranga Rao.

Sd. A. R. KHANNA,
Dy. Secretary to the Government of India.

Copy forwarded to all State Governments Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat, the Secretary to the President.

Copy also forwarded to the Central Water and Power Commission (Power Wing), the General Manager, Northern Railway, Delhi, the Chairman and all other members of the Advisory Board.

Sd. K. L. SAXENA,
Assistant Secretary to the Government of India.

APPENDIX IV(d)

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

सत्यमेव जयते *New Delhi, the 28th January*, 1954

ORDER

No. EL.II-213(4)I.—In exercise of the powers conferred by sub-section (3) of section 35 of the Indian Electricity Act, 1910 (IX of 1910), the Central Government hereby makes the following amendment in the order of the Government of India in the Ministry of Irrigation and Power, No. EL.II-213 (4)I, dated the 17th September, 1953.

In the preamble to the said Order, for clause (1) of paragraph 3, the following clause shall be substituted namely :—

"(i) *Number of members of the Board and manner of their appointment.*

The number of members of which the Board shall be constituted shall be nine and the members shall be appointed by the Central Government by notification in the Gazette of India."

Sd. H. C. GUPTA,
Joint Secretary to the Government of India.

Copy forwarded to all State Governments, Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat and the Secretary to the President.

Copy also forwarded to the Chairman, Central Water & Power Commission, Chairman and members of the Advisory Board.

Sd. K. L. SAXENA,
Under Secretary to the Government of India.

APPENDIX IV(e)

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

New Delhi, the 1st February, 1954.

NOTIFICATION

No. EL.II.213(4)II.—In exercise of the powers conferred by sub-section (1) of section 35 of the Indian Electricity Act, 1910 (IX of 1910) the Central Government hereby directs that the following amendments shall be made in the notification of the Government of India in the Ministry of Irrigation and Power No. EL-II-213(4)II, dated the 18th September, 1953, namely:

In the said notification—

(1) for the entries in the first and the second column against item No. 1, the following entries shall be substituted, namely:—

"1. Shri S. S. Kumar, Secretary & Chief Engineer to the Government of Punjab, Public Works Department, Electricity Branch, Simla. *Chairman*:"

(2) the entries in the first and the second columns against item No. 3, shall be omitted;

(3) item Nos. 4 to 8 shall be re-numbered as item Nos. 3 to 7 respectively; and

(4) after item No. 7 as so re-numbered the following entries shall be inserted, namely :—

"8. Shri H. S. Kulkarni, Deputy Chief Engineer, Central Water & Power Commission, (Power Wing), Simla. *Member:*

9. Shri D. V. Kohli, Staff Officer (E/M), Grade I, Engineer -in-Chief's Branch, Army Headquarters, New Delhi. *Member.*"

Sd. H. C. GUPTA,
Joint Secretary to the Government of India.

Copy forwarded to all State Governments, Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat and the Secretary to the President.

Copy also forwarded to :—

1. Chairman, Central Water & Power Commission.
2. Chairman and all members of the Advisory Board.

Sd. K. L. SAXENA,
Under Secretary to the Government of India

APPENDIX IV(f)

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION AND POWER

New Delhi, the 9th October, 1954.

NOTIFICATION

No. EL.II-213(4)/II.—In exercise of the powers conferred by sub-section (1) of section 35 of the Indian Electricity Act, 1910 (IX of 1910) the Central Government hereby appoint Shri S. N. Razdan, Chief Electrical Engineer, Madhya Bharat, to be a member of "the Advisory Board on the amendment of the Indian Electricity Act, 1910", and directs that the following amendment shall be made in the notification of the Government of India in the Ministry of Irrigation and Power, No. EL-II-213(4)II, dated the 18th September, 1953, namely :—

In the said notification for the entry relating to Shri B. N. Sibal, the following entry shall be substituted, namely :—

"6. Shri S. N. Razdan, Chief Electrical Engineer, Madhya Bharat."

Sd. R. R. BAHL,
Deputy Secretary to the Government of India.

Copy forwarded to all State Governments, Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat, the Secretary to the President.

Copy also forwarded to the Central Water and Power Commission (Power Wing), the Chairman and all Members of the Advisory Board.

Sd. K. L. SAXENA,
Under Secretary to the Government of India.

APPENDIX IV(g)

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION AND POWER

New Delhi, the 23rd April, 1954.

ORDER

No. EL-II-213(4)1.—In exercise of the powers conferred by sub-section (3) of section 35 of the Indian Electricity Act, 1910 (IX of 1910), the Central Government hereby directs that the following further amendments shall be made in the order of the Government of India in the Ministry of Irrigation and Power, No. EL-II-213(4)/I, dated the 17th September, 1953, namely :—

In the said order—

(a) at the end of paragraph (ii) for the words and figures "and shall recommend within six months to the Government of India their proposals to amend the Indian Electricity Act, 1910", the words and figures "and shall recommend by the end of June, 1954 to the Government of India their proposals to amend the Indian Electricity Act, 1910" shall be substituted; and

(b) for paragraph (iv), the following paragraph shall be substituted, namely :—

"(iv) *Tenure of office*:—The members of the Board shall hold offices for a period upto and including the 30th June, 1954".

Sd. H. C. GUPTA,
Joint Secretary to the Government of India.

Copy forwarded to all State Governments Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat and the Secretary to the President.

Copy also forwarded to the Chairman, Central Water and Power Commission (Power Wing), Simla; Chairman and Members of the Advisory Board.

Sd. K. L. SAXENA,
Under Secretary to the Government of India.

APPENDIX IV(h)

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION AND POWER

New Delhi, the 4th August, 1954.

ORDER

No. EL.II.213(4)I.—In exercise of the powers conferred by sub-section (3) of section 35 of the Indian Electricity Act, 1910 (IX of 1910), the Central Government hereby directs that the following further amendments shall be made in the order of the Government of India in the Ministry of Irrigation and Power, No. EL.II-213(4)/I, dated the 17th September, 1953, as subsequently amended, namely :—

In the said order—

(a) at the end of paragraph (ii) for the words and figures "and shall recommend by the end of June, 1954, to the Government of India their proposals to amend the Indian Electricity Act, 1910", the words and figures "and shall by the 17th September, 1954, recommend to the Government of India their proposals to amend the Indian Electricity Act, 1910" shall be substituted; and

(b) for paragraph (iv), the following paragraph shall be substituted, namely :—

"(iv) *Tenure of office*:—The members of the Board shall hold office for a period upto and including the 17th September, 1954".

Sd. H. C. GUPTA,
Joint Secretary to the Government of India.

Copy forwarded to all State Governments Parts, A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat, and the Secretary to the President.

Copy also forwarded to the Chairman, Central Water & Power Commission (Power Wing), Simla, Chairman and Members of the Advisory Board.

Sd. K. L. SAXENA,
Under Secretary to the Government of India.

APPENDIX IV(i)

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION AND POWER

New Delhi, the 9th October, 1954.

ORDER

No. EL-II-213(4)/I.—In exercise of the powers conferred by sub-section (3) of section 35 of the Indian Electricity Act, 1910 (IX of 1910), the Central Government hereby directs that the following further amendments shall be made in the Order of the Government of India in the Ministry of Irrigation and Power, No. EL-II-213(4)/I, dated the 17th September, 1953 as subsequently amended namely :—

In the said order—

(a) at the end of clause (ii), for the word and figures "17th September, 1954", the word and figures "17th December, 1954" shall be substituted;

(b) in clause (iv), for the word and figures "17th September 1954", the word and figures "17th December, 1954" shall be substituted.

Sd. H. C. GUPTA,
Joint Secretary to the Government of India.

Copy forwarded to all State Governments Parts A, B, C & D (except the State of Jammu and Kashmir), the Ministries of the Government of India, the Planning Commission, the Cabinet Secretariat, the Prime Minister's Secretariat, and the Secretary to the President.

Copy also forwarded to the Chairman, Central Water and Power Commission (Power Wing) Simla, Chairman and the Members of the Advisory Board.

Sd. K. L. SAXENA,
Under Secretary to the Government of India.



APPENDIX V

Statement of the Proposals for Amendments received by the Government of India from the various State Govts. and other persons after the Preparation of the Statement at Appendix II.



APPENDIX V

Statement of the proposals for amendments received by the Government of India from the various State Governments and other persons after the preparation of the statement at Appendix II

Sl. No.	Name of the Proposer	Section No.	Reasons of the proposers in support of amendments in brief	Remarks of the Member-Secretary in brief	Remarks
1	2	3	4	5	6
1	Government of Bombay, Director General All India Radio Shri Gupta of Teliwara. Shri Agarwal of Calcutta. New Bharat Electric Co. Ahmedabad. Delhi State Government.	12	Some of the licensees in Bombay have expressed some difficulty in getting the consent of the owners of agricultural land in respect of placing of lines for supply to the tenants of such land. Due to the present acute shortage of housing accommodation the landlords do not give their consent to the tenants (occupiers) to take supply direct from the licensee presumably with the object of evicting them and letting out the accommodation at higher rentals. The landlords who are charging their tenants on monthly lump sum basis separately for lighting and power purposes (Radios etc.) do not like to give their consent for separate connection to their tenants. Presumably as such consent would result in some monetary loss to the landlords. It is, therefore, necessary to amend section 12(2) of the Act whereby the licensee would be able to give separate connection without the consent of the owner or occupiers as the case may be.	The Central Water & Power Commission (Power Wing) has not been supporting the proposal on the ground that this would tantamount to interference with the legal rights of the owners or the occupiers as the case may be. CW & P C. (PW) has suggested that the difficulties in this regard could be overcome by recourse to the provisions on section 51 of the Act by the State Governments conferring upon the licensees the powers of the Telegraph Authority for the purpose of placing electric supply lines and works on unmoveable property. The Ministry of Law concur with the above views of the C.W. & P.C. (P.W.). They have also advised that there would be no valid objection if the section is amended to enable the licensee to give supply to the occupier or tenant without the consent of the landlord or vice versa. The Board in its first meeting decided not to amend the section. The proposal is, therefore, placed for reconsideration of the Board.	
2	Federation of Electricity Undertakings of India.	12	The existing Act does not give licensees sufficient protection against the requisition of the owners of private lands to shift transmission lines previously laid to enable such owners to construct buildings on the land. This protection is necessary specially as outskirts of towns are rapidly developing.	The Board may reconsider the amendment proposed vide Serial Nos. 28 to 31 of the statement of the proposed amendments to the Act.	
3	Ministry of Railways and Shri Vanchinathan, Member Advisory Board.		The safety of the railway track should not be endangered by allowing licensees to disturb the track for laying cables. The specialised nature of work of breaking up and reinstating the track requires that the work should be executed by the railway authority. The work of laying cables etc. may be allowed to be done by the licensees.	The Board in its first meeting decided that as the interest of the railways is sufficiently safeguarded under the provisions of section 12(5) and 16(2) no further amendment is necessary. In view of the specialised nature of the work of breaking up and reinstating the track, the matter may be reconsidered.	

1	2	3	4	5	6
4	Shri Vanchinathan, Member Advisory Board.	28	For protecting the interests of the Railways and other Central Government Departments, it would appear desirable to have the position clarified without any shadow of doubt as an explanation to section 28(2), so that there is absolutely no room for any doubt in regard to the freedom to generate or purchase and supply and distribute electrical energy within its own area or premises for its own purposes including employees and others connected with the working.	The explanation proposed under section 28 is considered quite adequate, and has been approved by the Board in its first meeting.	
5	Post & Telegraph Department.	32	Section 32 should be amended to protect sufficiently the working of telegraphic, telephonic and electric signalling lines against induction or otherwise by power lines.	The proposal has been incorporated in the Annexure to the proposed amendments to theAct—*vide* Serial No. 59—as the final proposals are awaited from the Power & Tele-communication Co-ordination Committee. The secretary of the Committee has recently been reminded.	
6	Delhi and Sindh Association of Accountants.	Clause II (a) of the Schedule	The proposal to withdraw the discretionary power given to the State Governments in respect of the appointment of auditors or approvaltherecto appears to have been made with a view to prevent State Governments from employing their own audit agency for auditing the accounts of the non-local authority lincensees for the purpose of the Statute, thus finding more work for the registered accountants.	The existing provisions are necessary to safeguard Public interest.	
7	Federation of Electricity Supply Undertakings of India.	Clause VI	The Act does not specifically vest the ownership of service lines in the licensee although the licensee is required to maintain them under Clause VI of the Schedule to the Act. The amendment to the above Clause is necessary with a view to make the provision specific.	*Vide* Serial Nos. 71 to 76 of the Statement of the proposed amendments to the Act. It has been proposed that the licensee should lay down the service lines at his own cost. If he does so, the ownership automatically is vested in him.	
8	C.W. & P.C. (P.W.)	Clause X	The provisions in Clause X of the Schedule to the Act are not very specific as to who should bear the cost of conversion of consumers' equipments as a result of the change in the system of supply from D.C. to A.C. or of the change in the frequency of supply by the licensee. According to the decision in two cases which were the subject matter of suits in the courts of law and the practice in	A New clause X-A may be incorporated as under :— "Alterations in the characteristics of electricity supply :— If, after the commencement of electric supply the licensee or other supplier of energy alters any characteristic of his electric supply by alterations of the declared type of current or the number of phases or the fre-	

1	2	3	4	5	6
			this regard in this country and abroad the cost of conversion of consumers' equipments to suit the requirements of the changed system of supply is borne by the Supply Authority.	quency in the case of alternataing current or the voltage as the case may be, either at his ow instance or under the directions of the State Government, he shall bear the expense of replacing the apparatus of the consumers in use at the time of the alteration as may be necessary by reason of the change in the characteristics of the electric supply. The expenditure incurred by the licensee on this account shall be deemed to be an intangible asset and written off in equated instalments over the unexpired period of his licence or such other perio as the State Government may fix in this behalf."	
9	Mr. Sandwell of Bombay.		It is necessary to amend the Act to prevent the State Governments from enacting State legislation for controlling the supply and use of energy which may nullify the provisions of the Central Act.	It is necessary for the State Governments to have powers to enact emergency legislation to meet emergency conditions. As the subject "Electricity" is in the Concurrent list (List III of the Seventh Schedule to the Constitution) it would appear that the State Governments cannot be prevented from enacting legislation on the subject unless the constitution is amended.	

APPENDIX VI

Statement of the (Draft) Amendments to the Indian Electricity Act, 1910 as proposed by the Advisory Board



Statement of the (Draft) amendments to the Indian Electricity Act, 1910 as proposed by the Advisory Board.
(Note:—Asterisks indicate deletion and italics indicate addition)

Item No.	Existing Section No.	Text of the section as proposed to be amended	Reasons for the amendment	Suggestion and/or objections (if any)
1	2	3	4	5
1	General	Substitute the words 'Electrical Inspector' for the words 'Electric Inspector' wherever they occur in the Act.	The word 'Electrical' is more appropriate than the word 'Electric'.	
		Definitions— * * * *		
2	2(*a*)	**'overhead line' means any electric supply line which is placed above ground and in the open air ;	The term 'overhead line' is more appropriate than the term 'aerial line'. It has been used in the I. E. Rules recently finalized.	
3	2(*c*)	'consumer' means any person who is supplied with energy by a licensee, *non licensee or other supplier of energy engaged in the business of supplying energy* or whose premises* is for the time being connected for the *purpose of supply of energy with the works of a licensee, *non-licensee, or other supplier of energy.*	The privileges and rights enjoyed by a consumer receiving supply from a licensee should be extended to consumers of a non-licensee authorized to supply energy under a sanction granted under section 28 and other suppliers of energy like the D.V.C.	
4	2(*f*)	'electric supply-line' means a wire, conductor, or other means used for conveying, transmitting or distributing energy *either by overhead line or lines or by underground cable or cables*, together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, *including any supports, brackets, crossarms, stays, struts, safety devices or mechanical or electrical contrivances used in connection therewith*, or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing such energy ;	It is considered desirable to amplify the definition.	
5	2 (*g*)	'energy' means electrical energy when generated, transmitted, supplied or used for any purpose*** ;	It is considered desirable to bring the electric installations for transmission of messages, broadcasting etc. within the purview of the Act in the interest of safety of life and property.	
6	2(*h*)	'licensee' means any person licenced under Part II to****engage in the business of supplying energy* ; *Where the State Government itself engages in the business of supplying energy, it shall have all the powers and obligations of a licensee under this Act* ; *Provided that, nothing in sections 3 to 11, sub-sections (2) and (3) of section 21 sections 22, 23 and 27 of the Act or clauses I to XII of the scheduled there to relating to the duties and obligations of a licensee shall apply to the State Government.*	The Electricity (Supply) Act envisages that after its coming into force the State Electricity Board and not the State Government, should engage in the business of electricity supply. Where, however, the State Electricity Boards are not constituted and the State Government undertakes the business of supplying energy there is no reason why the latter should not have the same powers and obligations as the Electricity Board under section 26 of the Electricity (Supply) Act, 1948.	
7	2 (*n*)	*"works" includes electric supply lines and any buildings, *plant*, machinery or apparatus required****for the purposes of supplying* energy *by a licensee, non-licensee or other supplier of energy engaged in the business of supplying energy* and to carry into effect the objects of the*****Act*;	Under Section 2(n) of the Act the term "works" includes electric supply lines and any buildings, machinery or apparatus required to supply energy and to carry into effect the objects of the license granted under Part II. The above definition does not apply to a non-licensee who holds a sanction to engage in the business of supplying energy under section 28, but does not possess a license	

1	2	3	4	5
			for the purpose. It is considered advisable to extend the scope of this definition to non-licensees and other suppliers of energy as well.	
8	New Definition.	'*State Electricity Board*' *means the State Electricity Board constituted under section* 5 *of the Electricity* (*Supply*) *Act*, 1948 ;	It is necessary to incorporate the definition of the expression the 'State Electricity Board' in the proposed amendments on the lines of the definition of the term 'Board' given in the Electricity (Supply) Act as the Indian Electricity Act contemplates the constitution of other Boards as well, *viz.* the Central Electricity Board, Advisory Boards, etc.	
9	Do.	'*date of vesting*' *means the date on which the undertaking, or any asset forming part thereof, of a licensee vests in the State Electricity Board, the State Government or a purchaser as the case may be.*	The expression 'date of vesting' has been used in sections 5 and 7 and is required to be defined. The definition is on the lines of the one in the fourth schedule to the Electricity (Supply) Act, 1948 and has been amended to include a reference to the State Government or the purchaser which is necessary for the purpose of this Act.	
10	Do.	*other expressions not defined in this Act but defined in the Electricity* (*Supply*) *Act*, 1948 *shall have the meanings assigned to them in the Electricity* (*Supply*) *Act*, 1948.		
11	3(2) . (*a*) (*i*) .	Grant of licenses— * * * * 3(2) In respect of every such lincense and the grant thereof the following provisions shall have effect namely:— (*a*) any person applying for a license under this Part shall publish a notice of his application in the prescribed manner and with the prescribed particulars and the license shall not be granted— (*i*) until all objections received by the State Government with reference thereto have been considered by it : Provided that, no objection shall be so considered unless it is received before the expiration of three months from the date of the first publication of such notice as aforesaid ***	The word 'and' occurring at the end of the proviso to this clause is deleted and added at the end of sub-clause (*a*) (ii). This is consequential to the addition of sub-clause (a) (ii).	
12	3 (2) . *a*(*ii*)	(*ii*) until, in the case of an application for a license for an area, including the whole or any part of any cantonment fortress, arsenal, dockyard, *aerodrome* or camp or of any building or place in the occupation of the *Central* Government for *** *defence* purposes, the State Government has ascertained that there is no objection to the grant of the license on the part of the****Ministry of Defence* ; *and*	The insertion of the word 'aerodrome' is necessary on account of the important addition in this respect to the defence installations in the country ; The word 'Government' occurring after the words 'in the occupation of the' in line 6 of this sub-clause is required to be qualified by the word 'Central' as the areas of cantonment, fortress, arsenal etc. are in the occupation of the Central Government. The use of the term 'defence' is more appropriate than the term 'naval or military' with a view to include 'Air' as well.	
13	Do. (*iii*) New	(*iii*) *without the consent of the State Electricity Board, where such a Board has been constituted, unless the State Government considers that such consent has been unreasonably withheld.*	Under Section 26 of the Electricity (Supply) Act, 1948, the State Electricity Board has the license for the whole of the State and therefore it is necessary to make a specific pro-	

1	2	3	4	5
			vision for obtaining its consent before he grant of any license for any part of the State.	
14	3(2) *d*(*i*)	(*d*) license under this Part— (*i*) May prescribe such terms as to the limits within which, and the conditions under which, the supply of energy is to be compulsory or permissive,***and generally as to such matters as the State Government may think fit and.	The provision of maxima charges in the license is not in conformity with the provisions of Sections 57 and 58 and the Sixth Schedule to the Electricity (Supply) Act, 1948 in accordance with which a licensee is required to adjust his rates from time to time depending upon the results of the financial operations of his undertaking.	
15	4	4. Revocation****of licenses—	The existing section 4 provides for revocation as well as alterations or amendments of a license. These are two different actions. The section has, therefore, been split into two sections 4&4A—section 4 dealing with the revocation of a license and section 4A with alterations or amendments to the license. Heading of the section has been amended to suit the change.	
16	4(1)	(1) The State Government may, if in its opinion the public interest so requires, revoke a license *after consulting the State Electricity Board where such a Board has been constituted* in any of the following cases, namely :— * * * *	Under Section 71 of the Electricity (Supply) Act, 1948 the right or option of a local authority or the State Government to purchase the undertaking of a licensee on revocation has been transferred to the State Electricity Board. The provision should, therefore, be made somewhat on the lines of the proposed amendment to Section 4(3) for consultation with the State Electricity Board before any license is revoked, as it is possible that the Board may not be in a position to purchase the undertaking on revocation of the license. The preamble to Section 4(1) has, therefore, been amended accordingly.	
17	4(1) (d)	(*d*) Where,***in the opinion of the State *Government, the financial position of the licensee is such that he is* unable,***fully and efficiently to discharge the duties and obligations imposed on him by his license.	The term insolvency has been interpreted as adjudicated insolvency. The State Government is, therefore, required to delay the revocation until a court has adjudicated the licensee to be insolvent. Such delay is detrimental to the interest of consumers and is intended to be avoided.	
18	Do. (e) New	(e) *where the licensee has made an application to the State Government that he is not able to discharge the duties and obligations imposed on him by his license* : *Provided that, no license shall be revoked under clause (a), (b), (c) or (d) of this sub-section unless the State Government has first given to the licensee at least three months' notice of its intention to revoke the license stating the grounds therefor and has considered any cause shown by the licensee against the proposed revocation.*	The provision was contained by implication in the existing section 8. It is considered desirable to have all provisions relating to revocation in one section. A notice to show cause is new. It is perhaps implied in the existing section 5 and is clearly equitable. It might further serve as a warning to a licensee defaulting in the discharge of his duties.	
19	4 (3) (*a*) as 4(2)	(2) Where in its opinion the public interest so permits *or requires*, the State Government may, on**ap-	Under the existing provisions of Section 3 of the Act the State Government is required to ascertain from the	

1	2	3	4	5
		plication or with the consent of the licensee*** after consulting *the State Electricity Board where such a Board has been constituted, the Ministry of Defence*, if concerned and if the licensee is not a local authority, **the local authority (if any) concerned *also* revoke a licence as to the whole or any part of the area of supply upon such terms and conditions as it thinks fit*.	Defence Department whether they have any objection to the grant of a licence for an area which includes whole or any part of any cantonment, fortress, arsenal, dockyard or camp etc., for naval or military purposes. It is, therefore, considered necessary to provide for the consultation of the Ministry of Defence when revoking the licence which includes the Defence Department areas. Similarly, it is considered advisable to consult the State Electricity Board at the time of revocation of the license as the option to purchase the undertaking on revocation, which under the existing provisions of the Indian Electricity Act, 1910, is exercisable by the Local authority or the State Government, has now been transferred to the State Electricity Board under the provisions of section 71 of the Electricity (Supply) Act, 1948.	
		4A. Alteration or amendment of licences—		
20	4 (3) (*b*) as New 4A(1).	(1) Where in its opinion the public interest so **requires*, the State Government may, *after consulting the State Electricity Board where such a Board has been constituted* and the local authority (if any) concerned, if it is not a licensee, make such alterations or amendments in the terms and conditions of a licence, including the provisions specified in Section 3, sub-section (2), clause (f), as it thinks fit :	Consultation with the State Electricity Board is necessary as the alterations or amendments of the licence may involve increase in the area of supply which the Board may have under its consideration for electrification.	
		Provided that, such alterations or amendments shall not be made without the consent of the licensee unless the State Government considers that such consent has been unreasonably withheld.	The proposed proviso is intended to give powers to the State Government to make alterations or amendments in the licence in the public interest even if such consent is not forthcoming.	
21	4(2) as New 4A(2).	(2) Where the State Government might under sub-section (1) *of section* 4 revoke a licence, it may, instead of revoking a licence, permit it to remain in force subject to such further terms and conditions as it thinks fit to impose and any further terms and conditions so imposed shall be binding upon, and be observed by the licensee, and shall be of like force and effect as if they were contained in the licence.		
22	Existing I.E. Rule 24 (1) with modifications as New 4A (3).	(a) *If a licencee desires that any alterations or amendments should be made in the terms of his license***he shall submit a written application to the ***State Government and***shall publish a notice of his application*** in the prescribed manner and with the prescribed particulars.*	The proposed section 4A(3) provides for amendment of the licence at the request of the licensee and lays down the procedure to be followed in this respect. The procedure is similar to that to be followed under section 3(2) for the grant of a new licence.	
		(b) *if the alterations or amendments are in the nature of a change in the licensee's area of supply the State Government shall not make any alterations or amendments to the licence of a licensee—*		

1	2	3	4	5
22	Existing I.E. Rule 24(9) with modifications as New 4A(3)	(i) *until all objections received by the State Government with reference thereto have been considered by it* ; (ii) *until, in the case of an application involving alterations or amendments to an area including the whole or any part of any cantonment, fortress, arsenal, aerodrome, dockyard, camp or of any building or place in the occupation of the Central Government for defence purposes, the State Government has ascertained that there is no objection to such alterations or amendments on the part of the Ministry of Defence* ; (iii) *without the consent of the State Electricity Board, where such a Board has been constituted unless the State Government considers that such consent has been unreasonably withheld.*		
23	New 4B	4B. *Power for Government to secure interim management of an undertaking in certain circumstances* : (1) *if in its opinion it is necessary in order to secure the continuance of the supply of energy to the public by an undertaking supplying energy under a licence or a sanction under section 28, the State Government may—* (a) *by order in writing require the licensee or any person controlling the supply or any establishment or things ancillary thereto, to take or abstain from taking any action specified in the order, or* (b) *after giving notice in writing to the licensee or to any person controlling the supply or any establishment or things ancillary thereto, or without such notice if such licensee or person has disobeyed or neglected to comply with an order made under clause (a), either itself take over the working of the undertaking or the control of the supply or of any establishment or things ancillary thereto, or make such other arrangements as may, in the opinion of the State Government be necessary to secure the continuance of the supply of energy to the public by the undertaking.* (2) *An order made under clause (a) of sub-section (1) shall specify the period for which it shall remain in force, and no such order shall remain in force for more than twelve months from the making thereof, nor shall the power conferred by clause (b) of sub-section (1) be exercised for more than twelve months on any one occasion.* (3) *Whenever in exercise of the power conferred by clause (b) of sub-section (1) the State Government takes over the working of an undertaking or the control of the supply or of any establishment or things ancillary thereto, it shall carry on such working or control on behalf of the licensee or the non-licensee holding a sanction under*	Where either no sufficient grounds for revocation exist or where it is considered undesirable to have recourse to such a drastic action, the State Government should have (as it is urged by several State Governments) power to secure interim management of an undertaking at the risk and expense of the licensee or the sanction holder pending final revocation and also to secure continuity of supply to the public for short periods when it is endangered. The period of 12 months in sub-clause (2) is considered sufficient to tide over the preiod for showing cause against revocation and subsequent procedure, when an undertaking is in so unsatisfactory a condition that the public interest requires an immediate remedy.	

1	2	3	4	5
23	New 4 B—*contd.*	*section 28 at his risk and expense, receiving all payment due in connection with the undertaking or the part thereof controlled as the case may be, and rendering to the undertaking the balance, if any, of the net revenue derived therefrom. In the event of any loss accruing to the State Government on account of the working of the undertaking, the same shall be debited to the undertaking.* (4) *Where any sum or sums are advanced by the State Government for the purpose of this section other than that for meeting the working expenses of the undertaking, the same shall, notwithstanding, the absence of the consent of the licensee or the non-licensee holding a sanction under section 28 be deemed to be a loan secured on the assets of the undertaking as a whole and be subject to such terms of repayment as the State Government may specify.*		
24	5	5. Provisions where *the* licence of a licensee****is revoked.	This section combines the provisions of the existing sections 5 and 6. The procedure for the revocation of a part of a licence has also now been incorporated in this section.	
25	5(1)(a)	(1) Where the State Government revokes, under section 4, ****the licence of a licensee ****.....the following provisions shall have effect, namely:— (a) The State Government shall serve a notice of the revocation upon the licensee***.....and shall in the notice fix a date on which the revocation shall take effect; and on and with effect from that date *or on and with effect from the date if earlier on which the undertaking of the licensee is sold to a purchaser in pursuance of clause* (b) *or is delivered to a designated purchaser in pursuance of clause* (c), all the powers and liabilities of the licensee under this Act, for the supply of energy shall absolutely cease and determine;	The existing procedure in section 5 has been found faulty in the following respects— It entails unnecessary delay in cases where a local authority has jurisdiction. The date to be fixed in the notice under existing clause (a) must be more than 3 months ahead to give the local authority the period, prescribed in clause (b), within which to consider a purchase, even though the State Government may at the time of issuing notice have decided not to permit the local authority to purchase. If the local authority does not purchase the undertaking the State Government has under clause (d) to let 'such time as it may consider reasonable' intervene, during which private persons may negotiate for the purchase of the undertaking before it can itself purchase. It has been represented that continuity of supply is essential in public interest and that it is desirable to transfer an undertaking from a licensee who is under notice of revocation as early as possible. The rigid procedure of giving priorities or fixing of dates would make it impossible to satisfy these desiderata. Under the existing provisions it is not quite clear when revocation is to take effect. Clause (a) says from the date fixed in the notice (*i.e.* more than 3 months after the service of the notice) ; clause (b), however, requires that the licensee thereupon shall sell to a local authority electing to purchase, and that election must be made within 3 months of the service of the notice. Clauses (c) and (d) also provide for sale immediately on	
	5(1)(b)	(b) *The State Government may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking or a part thereof as the case may be—* (i) *to the State Electricity Board, or where no such Board has been constituted to the State Government itself;* (ii) *where the local authority or any other person is willing to purchase the undertaking, to the local authority or to that person.* (c) *Where the State Government issues any notice under clause* (b), *it may by such notice require the licensee*		

1	2	3	4	5
25	5(1)(*b*)—*contd.*	*to deliver and thereupon the licensee shall deliver by a date specified in the notice the undertaking to designated purchaser pending the determination and payment of the purchase price of the undertaking* : *Provided that,* (i) *The purchaser shall pay to the licensee on or before the date of vesting a sum not less than 25% of the amount representing the difference between the amount properly incurred on and incidental to the establishment of the undertaking and depreciation thereon as shown in the audited statements of account for the year of account of the licensee preceding the date of vesting, or 25% of the paid up share capital, whichever is less, at the time of vesting; and* (ii) *the payment of the balance of the purchase price together with the interest thereon at the rate of one per centum over the average of the Reserve Bank rate ruling between the date of vesting and payment or tender of payment shall be made to the licensee within two years from the date of vesting unless the purchaser and the licensee arrive at a mutual agreement to the contrary;*	election to purchase and clause (e) passes to the purchaser all the rights and liabilities of the licensee. Clause (g) contemplates the possibility of the sale (and presumably valuation arbitration and payment) not being completed before the date of revocation fixed under clause (a) and thus suggests that the sale may be a lengthy affair. It is silent as to the possibility of revocation by sale. It is possible for a licensee to embarrass a prospective purchaser by refusing to deliver the undertaking until sale and valuation have been completed. Difficulty has been experienced in this respect. Clause (g) which was added at the last moment in the Select Committee fails, to serve its purpose. It appears to ignore the case of a State Government being itself the purchaser. It appears from the wording of Clauses (c) and (d) that the State Government has no power to permit purchase by a private person in cases where the whole of the area of supply is not included in the area for which a single local authority is constituted. Existing section does not give the State Government powers to purchase an undertaking on revocation of local authority's license. There appears to be no justification for this omission.	
	5(1) (b), (c), (d) & (g)	(d) *The purchase price of the undertaking or part thereof as the case may be, shall be such a sum as may be certified by an auditor or auditors appointed by the licensee and the purchaser by mutual agreement, to have been the amount properly incurred on and incidental to the establishment of the undertaking or part thereof namely; all lands, buildings, works, materials and plant of the licensee suitable to and used by him for the purpose of the undertaking as the case may be, less depreciation in respect of the period prior to the date of vesting on the scale below:—* (i) *for land owned under full title including the cost of clearing the site—nil ;* (ii) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948 the amount which would be produced by the end of the said portion of the prescribed period if during that portion an allowance were made annually on account of depreciation in accordance with the provisions of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948;*	The procedure for valuation set out in clause (b) is indefinite and has many variables in it. There is no provision for safeguarding the interest of an outgoing licensee for expeditious settlement of his claims, and payment of interest thereon. The new section is designed to allow elasticity of procedure in the case of transfer of the undertaking and greater precision and simplicity of calculation in evaluating the assets of an outgoing licensee. The important features of the changes are :— (1) After a notice of revocation has been served on a licensee, no notice to local authority is provided for. In fact the Government could order transfer of the undertaking before the date specified in the notice for revocation if decision has been taken with regard to the purchaser. (2) In pursuance of section 71 of the Electricity (Supply) Act, 1948 the right and option to purchase now only vests in the State Electricity Board. On this analogy provision has also been made for	

1	2	3	4	5
25	5(1) (b), (c), (d) & (g)—*contd.*	*Provided that,* ** .....* (i) *the purchase price shall not include any compensation in respect of goodwill* or any profits which may be or might have been made from the undertaking or of any similar consideration, (ii) *the auditor or auditors appointed under Clause* (d) *shall be qualified under the provisions of section* 144 *of the Indian Companies Act,* 1913 (VII *of* 1913) *to act as an auditor of the companies,* (iii) *the auditor's costs shall be shared equally by the purchaser and the licensee*: *Provided further that, if the purchaser or the licensee is dissatisfied with the sum so certified, the matter shall, in default of agreement between them, be determined by arbitration.*	the Government to exercise this option, where the Board has not been formed. (3) The cost is now to be determined on the basis of the Fourth Schedule and table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, with a provision for consideration of the condition of the plant and its usefulness for the purpose of the undertaking. The reasons for adoption of the above basis have been given against proposed amendments to section 7(1). (4) A procedure for payment of the purchase price and interest thereon has been laid down to enable early settlement of the claims. The rate of interest to be paid to the outgoing licensee has been fixed on the basis of Section 37 of the Electricity (Supply) Act, 1948.	
	6(1) as new 5(2)	(2) where the State Government revokes the license, *in whole or part,* of a local authority under Section 4 ** .... ** the State Government may** .... ** *issue notice under the provisions of clause* (b) *of sub-section* (1) *and fix such terms and conditions of sale as the* State Government think just.	(5) In the case of revocation of a license of a local authority, however, the procedure outlined in existing section 6(1) to empower the State Government to fix terms and conditions with regard to the price and sale has been maintained. This is considered necessary as the position of local authorities is very much different from that of other licensees, especially as local authority concerns are either run on subsidies or loans from the Government.	
	5(e) (i)&(ii) as new 5(3)	(3) *Where a sale has been directed in pursuance of clause* (b) *or sub-section* (1) *then upon the completion of sale; or upon the date on which the undertaking or part thereof, as the case may be, is delivered to the designated purchaser in pursuance of clause* (c) *of sub-section* (1).		
	5(e)(i) &(iii) as new 5(3)	(i) ***....**the undertaking *or part thereof, as the case may be,* shall vest in the purchaser ** free from any debts, mortgages or similar obligations of the licensee, or attaching to the undertaking: Provided that, any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking, *or part thereof as the case may be;*** *and* (ii) ***....**rights, powers, authorities, duties and obligations of the licensee*** .... ** for the whole of the undertaking or the part thereof as the case may be under his license shall pass on to the purchaser and he* shall be deemed to be the licensee *for whole or the part of the undertaking as the case may be.* **** ..... ***		
	5(f) & 6 (2) as new 5(4)	(4) ..... ** *if no order for sale is made under clause* (b) *of sub-section* (1) *before the date fixed in the notice under clause* (a) *of sub-section* (1) *as that on which*		

1	2	3	4	
	5 (f) &6(2) as new 5(4) Contd.	*the revocation shall take effect*, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit: Provided that, if the licensee does not exercise such option within a period of six months from the date on which the same became exercisable the State Government may forthwith cause the works of the licensee in, under, over, along or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from *any Sum deposited or secured by the licensee under the provisions of the schedule or directly from the* licensee.		
26		6. *Provisions for the purchase of undertaking of local authority.* (1) *Where a scheme sanctioned under section 29 of the Electricity (Supply) Act, 1948 provides for a purchase by the State Electricity Board of a local authority licensee's undertaking the State Government may require the local authority to sell, thereupon the local authority shall sell the undertaking to the State Electricity Board, on such terms and conditions as the State Government thinks just.*	Local authority undertakings are mostly financed from loans or subsidies from the Government. Their objective is similar to that of the Government or the State Electricity Board, *i.e.* the service to the community. But the service from the local authority undertakings is normally restricted within their own limits. Tthese undertakings mostly constitute hckly populated urban areas. Normally licensees are disinclined to develop rural areas as such developments are usually uneconomical. The policy of the Government is to extend this amenity to rural areas. It is, therefore, considered desirable to subsidise supply to rural areas from profits available from concentrated urban areas. In the case of private licensees the solution lies in the Electricity Boards taking over the undertaking on the expiry of the license. But the case of a local authority is different as in their cases the licenses are perpetual. Under the provisions of Section 71 of the Electricity (Supply) Act, 1948, the option to purchase an undertaking has been transferred from the local authorities and State Governments to the State Electricity Board and the principle of entrusting the business of electric supply to State Electricity Boards has thus been accepted. As the local authority undertakings are generally financed from loans or subsidies from Governments, the State Government should be empowered to fix the terms and conditions of transfer of local authority undertakings. It is proposed to empower the State Government to fix the terms and conditions of the transfer.	
	6(2)	(2) *Where a purchase has been effected under sub-section* (1) *the license of the local authority shall be deemed to have expired on the date of vesting.* See new draft section 5(4) above.		
27	7	7. *****Provisions for purchase of undertaking of* a licensee, not being a local authority. (1) Where a license has been granted to any person, not being a local authority ****the State Electricity Board* shall, on the expiration of such period not exceeding **twenty* years and of every such	Under Section 71 of the Electricity (Supply) Act, 1948, the option of the State Government or the local authority to purchase undertaking on expiry of licenses has been transferred to the State Electricity Boards. An amendment to this effect has, therefore been incorporated in the	

1	2	3	4	5
		subsequent period not exceeding *ten years, as shall be specified in this behalf in the license, have the option of purchasing the undertaking, and, if the** *State Electricity Board,* ****** ..... ****** elects to purchase, the licensee shall sell the undertaking to the** *State Electricity Board* on payment of the value of all lands, buildings, works, materials, and plant of the licensee suitable to, and used by him for the purposes of the undertaking, other than a generating station declared by the licensee not to form part of the undertaking for the purpose of purchase**..... ********.....	revised draft. As formation of such Boards may take some time in some States, provisions for the State Government to exercise this option, in the absence of a Board, has been maintained. The Section does not provide for any option, to the local authority.	
27	7 Contd.	(2) *The purchase price of the undertaking shall be such a sum as may be certified by an auditor or auditors appointed by the State Government in this behalf, to have been the amount properly incurred on and incidental to the establishment of the undertaking less depreciation in respect of the period prior to the date of vesting on the scale* below:	The existing formula based on 'fair market value' is indefinite as it depends on the varying market conditions and the views of individual appraisers etc. and hence controversial. It entails unending arguments and a very lengthy process of valuation which are definitely detrimental to the interest of consumers, the purchaser and the outgoing licensee. Although a licensee, under the present day conditions, may contend that the cost should be based on the market value of individual items of plant and materials, the fact remains that it is the undertaking as a whole which is being sold, and the market value of the indivisible asset is not at issue.	
		(i) *for land owned under full title, including the cost of clearing the site—* *Nil* (ii) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the amount which would be produced by the end of the said portion of the prescribed period, if during that portion an allowance were made annually on account of depreciation in accordance with the provisions of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948* :	It is therefore, considered advisable to substitute the existing provisions by those which would afford greater precision and simplicity of appraisal. The Standing Committee of Legislature (WMP) on 13-12-47 approved the principle that the fair market value should not be more than the book value less depreciation. This principle has been laid down in the Fourth Schedule to the Electricity (Supply) Act, 1948.	
		Provided * that, there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty percentum on that value as may be specified in the license, on account of compulsory purchase:	The British Electricity Authority also, adopted the net book value basis when acquiring licensee undertakings in the United Kingdom as it was considered to be the only practicable basis.	
		Provided also that, (i) *the auditor or auditors appointed under sub-section (2) shall be qualified under the provisions of section 144 of the Indian Companies' Act 1913 (VII of 1913) to act as auditor of companies.*	The existing section does not clearly lay down the date from which the ownership vests in the purchaser, neither does it specify whether the purchase of an undertaking should be independent of the date of payment of the purchase price.	
		(ii) *the auditor's costs shall be shared equally by the State Electricity Board and the licensee.*	It has long been felt that the interest of the parties warrant a definite and expeditious procedure in this respect and this want is now sought to be fulfilled by section 7(5).	
		(iii) *if the State Electricity Board or the licensee is dissatisfied with the sum certified by the auditor or auditors, as the case may be, the matter shall, in default of agreement between them, be determined by arbitration.*	Under the existing section the maximum period for which a licence could be granted is limited to 50 years and the maximum period of subsequent renewals to 20 years. The trend of the policy of the Government is towards rationalization of the industry. These periods require to be reduced	

1	2	3	4	5
	7(2)	(3) ** *Where a State Electricity Board has not been constituted,* the State Government shall have the like option *to purchase*on** like terms and conditions.	to 20 years and 10 years respectively to eliminate as far as possible the likelihood of any difficulties arising in the far future in respect of the achievement of the objective.	
	7(4)	(4) *Where the State Electricity Boar or the State Government has elected to purchase the undertaking under this section, it shall serve upon the licensee a notice in writing of not less than twelve months of its having elected to purchase:* *Provided that, where the State Electricity Board has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under sub-section (1) at least fifteen months before the expiry of any of the periods referred to in sub-section (1)* (5) *Where the State Electricity Board or the State Government, having elected to purchase, issues a notice under sub-section (4), the licensee shall deliver the undertaking on the day of the expiry of any of the periods referred to in sub-section (1) to it pending determination and payment of the purchase price of the undertaking:* *Provided that,* (i) *the purchaser shall pay to the licensee a sum not less than 25% of the amount properly incurred on and incidental to the establishment of the undertaking less depreciation thereon as shown in the audited statements of account for the year of account of the licensee preceding the date of vesting or 25% of the paid up share capital, whichever is less; at the time of vesting, and* (ii) *the payment of the balance of the purchase price together with interest thereon at the rate of one per centum over the average of the Reserve Bank rate ruling between the dates of vesting and payment, of tender of payment, shall be made to the licensee within two years from the date of vesting unless the purchaser and the licensee arrive at a mutual agreement to the contrary.*	Existing Sub-section (4) provides for two years notice in advance being given to the licensee for election to purchase. This is considered too long and it is proposed to reduce it to one year. In case the local authority elects to purchase, it has to secure the sanction of the State Government before the issue of such notice. Section 71 of the Electricity (Supply) Act, 1948, is not clear as to whether it is incumbent on the State Electricity Board to take such sanction of the State Government before electing to purchase. As all the powers in regard to the grant, revocation etc., arevested in the State Government, it is necessary that the State Electricity Boards should serve a notice of their election to purchase on the Government as well. As the licensees are to be given two years notice of election to purchase, provision has been made for State Electricity Boards to intimate their decision to the Government at least fifteen months before the expiry of the period of the license.	
	7(3)	(6) Where a purchase has been effected under sub-secton (1) or sub-section* (3)— (a) the undertaking shall vest in the purchaser free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking. Provided that, any such debts, mortgages, or similar obligations shall attach to the purchase money, in substitution for the undertaking; and (b) save as aforesaid the licensee shall remain in force, and the purchaser shall be deemed to be the licensee.		

1	2	3	4	5
		* * *		
28	8	8. Provisions where no purchase and license revoked with consent of licensee. Where, on the expiration of any of the periods referred to in section 7, sub-section (1), neither*** *the State Electricity Board* nor the State Government purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit : Provided that, if the licensee does not exercise such option within a period of six months, the State Government may proceed to take action as provided in *the proviso to sub-section* (4) of Section 5** :	The changes made are consequential to the amendments of sections 5(f).	
29	13(1)(f)	13. Notice of new works— (f) Where the works to be executed consist of the laying of any underground service-line immediately attached, or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be, not less than ***four days* notice in writing of this intention to execute such works. *Notwithstanding the provisions of this sub-clause, the licensee, shall in the execution of all works, in, under over, along or across a railway, tramway, canal or waterway, be bound by the provisions of sub-clauses (a) to (e).*	The proposed addition is necessary in the interest of safety to give sufficient time to railway, tramways etc. authorities to take requisite precautions.	
30	New 14A	1. *Compensation to licensees arising out of development or imprvement works:—* 14A—*Where any person undertakes any development or improvement works which render useless, inaccessible or not readily accessible any works of a licensee in, on, under or over any public place, where such works have been lawfully placed by a licensee, such person shall compensate the licensee for the cost of moving, altering, replacing or extending his works in a manner reasonably necessary :* *Provided that, the licensee shall not be entitled to any compensation on account of cost of betterment or loss of revenue arising out of such alteration or replacement of works:* *Provided further that, in the event of any difference or dispute as to the payment of the amount of compensation or any other matter, it shall be determined by arbitration.*	It appears that development boards in certain cases refused to pay the licensee cost of works arising out of the activities of the Boards. Whereas the Boards compensate other persons effected by their activities, it is unequitable to expect a licensee to bear the charges arising out of the activities of the Boards. It has been considered necessary to make a separate provision for such cases, as in such a case a licensee may have to undertake the works even without being asked to do so.	
31	20(4)New	20. Power for licensee to enter premises and to remove fittings or other apparatus of licensee. * * * * * * (4) *A licensee or any person or persons duly authorised by a licensee may, at any reasonable time and on informing*	The provisions of the existing section 20 (1) empower the licensee to enter any premises to which energy has been supplied but not those premises where energy has not been supplied but on or across which his electric supply lines or other works	

1	2	3	4	5
		the occupier of his intention, enter any premises under, over, along, across in or upon which the electric supply lines or other works have been lawfully placed by him for the purposes of examining, repairing, altering or removing such electric supply lines or other works.	have been lawfully laid for the purpose of supply to other premises. It is necessary to empower the licensee to enable him to enter the latter type of premises for examining, testing etc. his electric supply lines or works on such premises.	
	20(5)New	(5) *Where an occupier refuses to allow a licensee or any person or persons duly*		
31	20(5)New contd.	*authorised as aforesaid to enter and after having entered to perform any act which he is or they are authorised by sub-secion (4), the licensee or any person or persons authorised as aforesaid may in pursuance of a special order in this behalf obtained from the District Magistrate or in a Presidency town the Commissioner of police enter and perform any act specified in sub-section (4)*		
32	21	21. Restrictions on licensee's controlling or interfering with use of energy—	This section deals with entirely two different subjects namely :	
		(1) A licensee shall not be entitled to prescribe any special form of appliance for utilising energy supplied by him or as provided by section 23, sub-section (2), or by section 26, sub-section or(7), in any way to controlor interfere with the use of such energy:	(a) licensee's controlling or interfevering with use to energy and (b) power to the licence to make conditions for regulating his relations with consumers.	
		Provided that, no person may adopt any form of appliance, or use the energy supplied to him**** *in such a way as* unduly or improperly to interfere with*** *the electrical performance or safety of the licensee's equipment or* with the supply *of energy* by the licensee ** to any other person.	It is, therefore, desirable to make the two provisions under two sections: 21 and 21A with suitable drafting modification.	
	21(4)	(2) Where any difference or dispute arises as to whether a licensee has prescribed any appliance or controlled or interfered with the use of energy in contravention of sub-section (1), the matter shall be either refered to an Electrical Inspector and decided by him or, if the licensee or consumer so desires, determined by arbitration.		
33	21(2) as New 21A(1)	*21A. Power for licensee to make conditions for regulating his relations with consumers—*		
		(1) **....***Every* licensee **shall* with the previous sanction of the State Government given after consulting *the State Electricity Board where such a Board has been constituted and* the local authority where the licensee is not the local authority, make conditions not inconsistent with this Act *or any other enactment in force* or with his license or with any rules made under this Act, to regulate his relations with persons who are or intended to become consumers and may with the like sanction given after the like consultation add to or alter or amend any such conditions and any conditions made by a licensee without such sanction shall be null andvoid :	It is considered desirable that the State Government should consult the State Electricity Board in addition to the local authority before sanctioning the conditions of supply or regulating the licensee's relations with his consumers.	
		Provided that, any such conditions made before the 23rd day of January 1922 shall if sanctioned by the State Government on application made by		

1	2	3	4	5
		the licensee before such date as the State Government may, by general or special order, fix in this behalf, be deemed to have been made in accordance with the provisions of this sub-section.		
	21(3) as New 21A(2)	(2). The State Government may after the like consultation, cancel any condition or part of a condition previously sanctioned under sub-section (1) after giving the licensee not less than one month's notice in writing of its intention so to do.		
34	22	Obligation on licensee to supply energy— Where energy is supplied by a licensee, every person within the area of supply shall, except in so far as is otherwise provided by the terms and conditions of the license, be entitled, on application, to a supply on the same terms as those on which any other person in the same area is entitled in similar circumstances to a corresponding supply: Provided that, no person shall be entitled to demand, or to continue to receive, from a licensee a supply of energy for any premises having a separate supply unless he has agreed with the licensee to *take a supply of energy for not less than two years and to* pay to him such minimum annual sum as will ****.. ***in the aggregate* give him a * return *not exceeding* 15 *per cent per annum* on the capital expenditure *** incurred by him in order to meet the possible maximum demand for those premises, the sum payable to be determined in case of difference or dispute by* *the Electrical Inspector.*	What is considered to be reasonable return has been specified. As the disputes in respect of cost of service line under Clause VI(3) of the schedule to the Act are to be decided by the Inspector, the settlement of disputes arising out of the provision in respect of reasonable return has been entrusted to the Inspector.	
35	23(1)	23. Charges for energy to be made without undue preference. (1) A licensee shall not, in making any agreement for the supply of energy, show undue preference to any persons, but may, save as aforesaid, make such charges for the supply of energy as may be agreed upon *** .... ***.	The words 'not exceeding the limits imposed by his license' have been deleted in view of the provisions of sections 57 and 58 of the Electricity (Supply) Act, 1948, and the Sixth Schedule thereto.	
36	25	25. Exmeption of elcetric supply lines or other apparatus from attachement in certain cases— Where any electric supply lines, meters, fittings, works or apparatus belonging to a licensee are placed in or upon any premises not being in the possession of the licensee, for the purpose of supplying *or utilising* energy such electric supply lines, meters, fittings, works and apparatus shall not be liable to be taken in execution under any process of any Civil Court or in any proceedings, in insolvency against the person in whose possession the same may be.	The words 'or utilizing' have been inserted between the words 'supplying' and 'energy', to afford protection to the licensee in respect of the property (wiring and other apparatus) installed by him on consumer's premises on hire or hire-purchase basis.	
37	Proviso to 26(1)	26. Meters— * * * * * Provided that, the licensee may require the consumer to give him *such* security for the price of a meter *as the State Government may fix in this behalf* and enter into an agreement for the hire thereof unless the consumer elects to purchase a meter.	It is considered advisable that the amount of security deposit fo price of meter to be demanded by the licensee should be fixed by the Government.	

1	2	3	4	5
38	26(5)	A consumer shall not connect any meter referred to in sub-section (1) with any electric supply line through which energy is supplied by a licensee, or disconnect the same from any such electric supply-line :***....***. *Provided that, a licensee shall connect or disconnect the meter if required so to do within 48 hours of the service of a notice to that effect on him by the consumer.*	Under sub-section (5) a consumer is permitted to connect or disconnect supply to his premises after the expiry of 48 hours' notice to the licensee to do so. This cannot be done without breaking licensee's seals which is an offence under rules 31 and 122 of the Indian Electricity Rules, 1937. There has been a conviction in this respect in Bombay in spite of the provisions of sub-section (5). In the revised draft the onus of connection or disconnection within 48 hours after service of a notice has been placed on the licensee. Failing compliance by the licensee a consumer would seek remedy under the provisions of section 47.	
39	26(6)	Where any difference or dispute arises as to whether any meter referred to in sub-section (1) is or is not correct, the matter shall be decided upon the application of either party by an Electrical Inspector, or by a competent person specially appointed by the State Government in this behalf; and where the meter has, in the opinion of such Inspector or person, ceased to be correct, such Inspector or person shall estimate the amount of the energy supplied to the consumer or the electrical quantity contained in the supply, during such time *not exceeding six months* as the meter shall not in the opinion of such Inspector or person, have been correct, and where the matter has been decided by any person other than the Electrical Inspector, an appeal shall lie to the Inspector whose decision shall, in every case be final; but save as aforesaid, the register of the meter shall in the absence of fraud be conclusive proof of such amount or quantity : Provided that, before either a licensee or a consumer applies to the Electrical Inspector under this sub-section, he shall give to the other party not less than seven days' notice of his intention so to do.	It is considered desirable to fix the limits of maximum debit or credit in the event of a meter being faulty. A period of six months is considered reasonable for the purposes.	
40	28(1)	28 Sanction required by non-licensees in certain cases.— (1) No person other than a licensee shall engage in the business of supplying energy except with the previous sanction of the State Government and in accordance with such conditions as the State Government may fix in this behalf, and any agreement to the contrary shall be void: Provided that, such sanction shall not be given within an area— (a) for which a local authority is constituted***....*** (*b*) *forming part of any cantonment fortress, arsenal, aerodrome, dockyard or camp or any building or place in the occupation of the Central Government for **** defence purposes,* (c) *forming part of a licensee's are a, including an area for which a State*	It is felt that a provision for the consent of the Defence authorities and the State Electricity Boards should be made as done in section 5. It will, however, be noted that none of the authorities will have the power of a veto. A State Government could, if it considers an objection unreasonable, grant the necessary sanction.	

1	2	3	4	5
40	28(1)—*contd.*	*Electrcity Board has been constituted without the consent of the authority concerned* unless the State Government so considers that *such* consent has been unreasonably withheld.		
41	30(1)	30. Control of transmission and use of energy.— (1) No person, other than a licensee, *or a non-licensee* duly authorised under the terms of his license *or his sanction* shall transmit or use energy *at *** one hundered volts and above.* (a) in any street, or (b) in any place, (i) in which one hundred or more, persons are likely ordinarily to be assembled,or (ii) which is a factory***....*** *within the meaning of the Factories Act (LXIII) of* 1948 or (iii) which is a mine ***....** *subject to the operation of the Mines Act* 1923, *or* (iv) to which the State Government by general or special order, declares the provisions of this sub-section to apply. Without giving not less than seven clear days' notice in writing of his intention to the *Electrical Inspector and the* District Magistrate or in a Presidency town, to the Commissioner of Police, and complying with such of the provisions of Part IV, and of the rules made thereunder, as may be applicable: Provided that, nothing in this section shall apply to energy used for the public carriage of passengers, animals or goods on, or for the lighting or ventilation of the rollingstock of any railway or tramway subject to the provisions of the Indian Railways Act, 1890 (IX of 1890): Provided also that, the State Government may, by general or special order and subject to such conditions and restrictions as may be specified therein exempt from the application of this section or of any such provision or rule as aforesaid, any person or class of persons using energy on premises upon or in connection with which it is generated, or using energy supplied under Part II in any place specified in clause (b) : ***Provided further that, the Electrical Inspector shall be furnished with particulars of plant and nature of supply before the commencement of supply and also when any additions and alterations thereto are made.***	A non-licensee should be placed on par with a licensee in this respect as he is also authorised to transmit any amount of energy under his sanction. As usually electrical installations at 100 volts and above only are inspected by Electrical Inspectors the minimum voltage limit of 100 volts has been provided instead of the existing limit of wattage. In clause (b) (ii) reference to the Factories Act of 1948 instead of the Act of 1911 has been made as the latter has since been repealed. Clause (b) (iii) has been amended as there are two types of factories 'within the meaning of the Factories Act' of which only one type should be subject to these provisions. Certain excavations which are defined as 'Mines' under the Mines Act need to be exempted from the scope of this provision. It is considered necessary that the Electrical Inspector should also receive a notice with all the particulars of the electrical installation with a view to enable him to carry out the inspection of the installations if necessary for ensuring safety of life and property.	
42	31	31. Protection of ; railways*, canals, ***aerodromes,*** docks, wharves and peirs.—No person shall, in the generation, transmission, supply or use of energy, in any way injure any railway, tramway, canal or water-way or any *aerodrome* dock, wharf or pier vested	It is considered desirable to protect aerodromes and airways like the railways, tramways etc.	

1	2	3	4	5
42	31	in or controlled by a local authority, or obstruct or interfere with the traffic on any railway, tramway, canal or water-way or *airway*.		
43	33(1)	33. Notice of accidents and inquiries.—(1) If any accident occurs in connection with the generation, transmission, supply or use of energy in, or, in connection with any part of the electric supply lines or other works of any person, and the accident results or is likely to have resulted in loss of life or personal injury, such person shall give notice of the occurrence, and of any loss of life or personal injury, actually occasioned by the accident, in such form and within such time *as may be prescribed, to the Electrical Inspector and to* such other authorities as the State Government may, by general or special order, direct. *Notice of electrocution of domestic animals shall also be similarly given.*	Specific mention of the Electrical Inspector is for the purpose of receiving notice of accident is considered necessary in the interest of safety. To achieve uniformity in reporting procedure of electrical accidents the power to prescribe the form and the time for this purpose has been proposed to be delegated to the Central Electricity Board by the insertion of the words 'as may be prescribed' after the words, 'within such time'. It is necessary to provide for reporting of electrocution of domestic animals to enable the authorities concerned to take steps to remove defects, if any, in the installations.	
		* * * * *		
44	33(3)New	(3) *Electrical Inspector or the person appointed under sub-section (2), to hold an enquiry, shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908, for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects and every person required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of section 176 of the Indian Penal Code (XLV of 1860).*	The provision is bodily taken from section 21(2) of the Indian Mines Act, 1923 with the insertion of the words, 'Electrical Inspector or' in the beginning and is designed to fill in a want advocated by the Electrical Inspectors Conference in 1928. Such powers are considered necessary for enabling the investigating officers to arrive at conclusions speedily and correctly.	
45	34(1)	34. Prohibition of connection with earth, and power for Government to interfere in certain cases of default— (1) No person shall, in the generation, transmission, supply or use of energy, permit any part of his electric supply lines *or other works* to be connected with earth except so far as may be prescribed in this belhalf or may be specially sanctioned by the State Government. (2) If at any time it is established to the satisfaction of the State Government (*a*) That any part of an electric supply line *or other works is* connected with earth contrary to the provisions of sub- section (1) or,	It is considered desirable to extend the scope of the application of sections 34(1) and 34 (2)(a) to 'other works' as well on the lines of the existing provisions in section 34 (2)(b) and (c).	
	34(2)	(c) that any electric supply-lines or other works are defective so as not to be in accordance with the provisions of this Act or of any rule thereunder, the State Government may, by order in writing, specify the matter complained of and require the owner or user of such electric supply-lines or other works to remedy it in such manner as shall be specified in the order and may also in like manner forbid the use of, *and the supply of energy to*, any electric supply-line or works until the order is complied with or for such time as is specified in the order.	At present while forbidding the use of any such work the Government or any officer to whom the powers are delegated, is not authorised specifically to forbid the supplier of energy from supplying energy to such works which is equally important in such a case. It is felt that there should be a specific provision to this effect to avoid any controversy on the point.	

1	2	3	4	5
46	36	Appointment of Electrical Inspectors— (1) The Central Government may by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors and every Electrical Inspector so appointed shall in relation to mines, oilfields, railways, *post and telegraph works broadcasting installations, defence establishments* under the control of the Ministry of Defence exercise the powers and perform the functions of an Electrical Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct. (2) The State Government may by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors within such areas as may be assigned to them respectively; and every Inspector so appointed shall, except in relation to mines, oil-fields, railways, *post and telepgraph works, broadcasting installations and defence establishments under the control of the ministry of Defence* exercise the powers and perform the functions of an Electrical Inspector under this Act subject to such restrictions as the State Government may direct.	It is considered desirable to give power to the Ministry of Defence to appoint its own Inspector, if so desired for security reasons. The inclusion of the post and telegraph works and broadcasting installations is also necessary in view of the proposed definition of the term 'Energy' under section 2.	
47	36A(2)	36A. Central Electricity Board— (2) The Central Electricity Board shall consist of*** (a) a chairman to be nominated by the Central Government; (b) one member to be nominated by the Government of each of the States specified in Parts A and B of the first Schedule to the Constitution of India; (c) one member, holding office for a period of three years, to be nominated by the Central Government in consultation with the Governments of each of the States specified in Part C of the first Schedule to the Constitution of India; (d) one member to be nominated by the Railway Board; and (e) one Member to be nominated by the Chief Inspector of Mines.		
48	37(2)(e)	37. Power for Board to make rules— (2) (e) provide for the securing of a regular, constant and sufficient supply of energy by licensees, *or non-licensees* to consumers and for the testing at various parts of the system of the regularity and sufficiency of such supply, and forthe examination of the records of such tests by consumers.	Clause (e) of section 37 (2) has been amended to safegnard the interest of the consumers suplied by non-licensees as well.	

1	2	3	4	5
49	37(3)	(3) Any rules made in pursuance of* clauses (*e*), (*f*), (*g*), **(*h*), (*i*) and (*j*) of sub-section (2) shall be binding on *Government.	It has been reported that certain State Governments avoid compliance with various desirable provisions of the rules (mostly relating to safety measures) in respect of their own electrical installations and did not permit Electrical Inspectors to inspect as they considered that all the rules made by the Central Electricity Board are not binding on them.	
50	42(2)	42. Penalty for illegal or defective supply or for non-compliance with order— (2) *Whoever disobeys or neglects to comply with any requirement of an order made under clause (a) or impedes the exercise of any power conferred by clause (b) of sub-section (1) of section 4B shall be punishable with imprisonment which may extend to six months or with fine or with both.*	This penalty provision is necessary in view of the incorporation of a new section 4B relating to Power to Government to secure interim management of an undertaking.	
51	44	44. Penalty for interference with meters or licensee's works and for improper use of energy—Whoever— (a) connects any meter referred to in section 26, sub-section (1) or any meter, indicator or apparatus referred to in section 26, sub-secion (7), with any electric supply line through which energy is supplied by a licensee or disconnects the same from any such electric supply-line**....**; or (b) lays, or causes to be laid or connects up any works for the purpose of communicating with any other works belonging to the licensee**..**;or	The deletion of the words, "without giving to the licensee forty eight hours' notice in writing of his intention" and the words, "without such licensees' consent" occurring at the end of clauses (a) & (b) respectively of this section is consequetial to the amendment proposed to section 26(5) in regard to the withdrawal of powers of the consumers to connect or disconnect meters at his premises.	
52	New 46A	46A. Penalty for failure to keep accounts for the purposes of this Act, the Rules thereunder and the Electricity (Supply) Act, 1948— Whoever, being a licensee fails to comply with the provisions of this Act or the Rules made thereunder or the Electricity (Supply) Act, 1948, in respect of keeping of the accounts of his undertaking, shall be punishable with a fine which may extend to one thousand rupees and in the case of a continuing offence or default, with a daily fine which may extend to one hundred rupees.	Rule 36 of the I.E. Rules, 1937 provides for the maintenance of accounts in specified forms and the Sixth Schedule to the Electricity (Supply) Act, 1948, lays down the financial principles to be observed by a licensee. Under Clause II of the Schedule to this Act, the State Government is empowered to appoint or approve auditors to audit the accounts but no provision exists for any action by the Government in the event of the failure on the part of a licensee to keep the accounts of his undertaking for the purpose of this Act or the Rules made thereunder or the Electricity (Supply) Act, 1948.	
53	51	51. Exercise in certain cases of powers of telegraph authority— Notwithstanding anything in sections 12 to 16 (both inclusive) and sections 18 and 19 the State Government may by order in writing, for the placing of appliances and apparatus for the transmission of energy, *or for the telephonic or Telegraphic communications necessary for the proper co-ordination of the works of a licensee* confer upon any public officer or licensee subject to such conditions and restrictions (if any) as the State Government may think fit to impose and to the provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any of the powers which the tele-	Although it is maintained that the provision is implied in the section, a specific provision to the effect has been considered desirable on the analogy of section 42 of the Electricity (Supply) Act, 1948.	

1	2	3	4	5
53	51	graph authority possesses under that Act, with respect to the placing of telegraph lines and posts for the purposes of telegraph established or maintained by the Government or to be so established or maintained.		
54	52	52. *Arbitration.* Where any matter is by or under this Act directed to be determined by arbitration, the matter shall unless it is otherwise expressly provided in the license of a licensee, be determined by such person or persons as the State Government may nominate in that behalf on the application of either party; but in all other respects the arbitration shall be subject to the provisions of the Arbitration Act. 1940 (X of 1940). *Provided that, where the Central or the State Government or a State Electricity Board is a party to a dispute, it shall be referred to two arbitrators. one to be appointed by each party to the dispute.*	In cases of of disputes, where the Central or the State Government is a party to the dispute *e.g.*, (*a*) valuation sections 5(b) & 7(1). (*b*) laying of works and compensation therefor—sections 13 to 16. (*c*) damage by licensee to Government property—section 19, (d) charges for public lamps-clause XII of the Schedule to the Act. I is not equitable to have the matter decided by arbitrator or arbitrators solely appointed by the State Government. The new provision has been made on the analogy of section 76 of the Electricity (Supply) Act, 1941. the Electricity (Supply) Act, 1948.	
55	54	54. Recovery of sums recoverable under certain provisions of the Act.— Every sum declared to be recoverable by section 5, clause (f), section 6, sub-section (2), section 14, sub-section (2), clause (h), section 16, sub-section (2), section 18, sub-section (2) or sub-section (4), or section 26, sub-section (4) and every fee leviable under this Act, may be recovered, on application to a Magistrate having jurisdiction where the person liable to pay the same is for the time being resident, by the distress and sale of any moveable property belonging to such person *and the Magistrate shall intimate the facts of the recoveries to the authorities concerned.*	It is found that very often the Magistrates do not give the intimation of the recoveries of Inspection and testing fees, for the service of the Electrical Inspectors made by them to the Inspectors with the result that the amounts are shown to be outstanding in spite of their recovery by the Magistrates. To enable the authorities concerned to be apprised of the recoveries, the section has been amended.	
56	56(2)New	56. Protection for acts done in good faith.— × × × × (2) No order made or action taken under the provisions of sub-section(1) of section 4B shall be called in question by any Court, and no suit, prosecution or other proceeding shall be instituted against the State Government or any person for anything done in good faith or purporting to be done under the said sub-section	This provision is necessary in view of the insertion of a new section 4B relating to Power to Government of secure interim management of an undertaking.	
57	ClauseI(c)	1. Security for execution of works of licensee not being local authority.— × × × × (c) The said sum deposited or secured by the licensee under the provisions of this clause shall be repaid or released to him on the completion of the works or at such earlier date or dates and by such instalments, as may be approved by the State Government. *Provided that, if the works in the compulsory area are not completed or if the supply of energy is not commenced by a licensee by the due date, the state Government may forfeit the whole or part of the amount so deposited.*	Exceptfor revocation under Section 4, there is nothing in the Act to penalise a licensee for delay in comletion of compulsory works or commencing to supply energy by the due date. The new provision is only permissive and intended to be invoked in cases where a licensee fails, whether due to inefficiency or deliberate action to take steps to prevent this delay in completion of his works by the date specified in this behalf in his licence.	

1	2	3	4	5
58	Clause II(b)	II. Audit of accounts of licensee not being local authority.— × × × × (b) The licensee shall afford to the Auditor his clerks and assistants access to all such books and documents *including technical data and statements of energy generated and sold* relating to the undertaking as are necessary for the purposes of the audit, and shall when required, furnish to him and them all vouchers and information requisite for that purpose and afford to him and them all facilities for the proper execution of his or their duties:	Although it is opined that an auditor is authorised to check up technical data and statement of energy generated as far as possible it has been considered advisable to make a specific provision in this respect to allay doubts.	
59	Clause III	III Separate accounts.—The licensee shall, unless the State Government otherwise directs, at all times keep the accounts of **his electricity supply* undertaking distinct from the accounts kept by him of any other undertaking or business.	It is considered desirable that not only the capital account but also the other accounts such as operating, revenue & expenditure account, net revenue & appropriation account etc. should be kept separate for the undertaking.	
60	Clause V (1)(a)	V. Provisions as to laying down of further distributing mains:— (1) Where, after the expiration of two years and six months from the commencement of the license, a requisition is made by * *two* or more owners or occupiers of premises in or upon any street or part of street within the area of supply or by the State Government or a local authority charged with the public lighting thereof, requiring the licensee to provide distributing mains throughout such street or part thereof, the licensee shall comply within six months with the requisition, unless— (a) where it is made by such owners or occupiers as aforesaid, the owners or occupiers making it do not, within fourteen clear days after the service on them by the licensee of a notice in writing in this behalf, tender to the licensee a written contract duly executed and with sufficient security binding themselves to take, or guaranteeing that there shall be taken, a supply of energy for not less than two years to such amount as will in the aggregate produce annually, at the current rates charged by the licensee, a *return, not exceeding 15 per centum of the cost of the distributing mains required to comply with the requisition*, to the licensee: *Provided that, the step up or step down transformers and other substation equipment shall not be deemed to form part of the distributing mains for the purpose of calculating the guaranteed return*; *or* × × × ×	It is considered that so long as the licensee is guaranteed the return on the cost of the distributing mains required to comply with the requisition which has now been specified as 15 the minimum number of requisitionists could be reduced from six to two. The proviso added at the end clarifies doubts as to whether the transformers and other substation equipment is to be excluded from the cost of distributing mains for the purpose of calculating the guaranteed return.	

1	2	3	4	5
61	Clause VI (1)	VI. Requisition for supply to owners or occupiers in vicinity:— (1) Where after distributing mains have been laid down under the provisions of Clause IV or Clause V and the supply of energy through those mains or any of them has commenced, a requisition is made by the owner or occupier of any premises situate within the area of supply requiring the licensee to supply energy for such premises, the licensee shall, within one month from the making of the requisition, or within such longer period as the Electrical Inspector may allow, *instal the service line at his own cost* and supply, and, save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply energy in accordance with the requisition.	t is generally opined that the ownership of a service line should vest in the licensee and the licensee should instal service lines at his own cost and get reasonable return. Under the Electricity(Supply) Act, 1948, a licensee is allowed to adjust his rates to earn a specified reasonable return on his investment and it is immaterial whether he pays for it or recovers a part of it from consumers as under the E. (S). Act, the recovery from consumers on account of service lines is to be omitted from the capital base for computing the reasonable return.	
		Provided first that, the licensee shall not be bound to comply with any* requisition unless and until the person making it (a) within fourteen days after the service on him, by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the State Government duly executed and with sufficient security binding himself to take a supply of energy for not less than two years to such amount as will produce *annually* at current rates charged by the licensee a*return *to the licensee * not exceeding 15 per centum of the cost of the requisition.*	The legal opinion tends to vest the ownership of service, line in the consumer who pays for it usually the service lines paid for by some consumers are tapped by licensees for supply to other consumers and consumers who have paid for the original service feel that the service lines paid for by them should not be utilised by the licensee for supply to others without compensating them. Some licensees give some refund on scrap value basis for service lines which are no longer required by consumers.	
		× × × ×		
		Provided thirdly, that the maximum rate per unit of time at which the owner or occupier shall be entitled to be supplied with energy shall not exceed what is necessary for the maximum consumption on his premises, and, where the owner or occupier has required a licensee to supply him at a specified maximum rate, he shall not be entitled to alter that maximum, except after one month's notice in writing to the licensee, *and the licensee may require the owner or occupier to guarantee additional return as will produce annually, at the current rates charged by the licensee a return not exceeding 15 per centum of the cost of augmentation of the service line, or in respect of any fittings* or apparatus of the licensee upon that property; and	Taking the above facts into consideration it is proposed to amend the Clause to provide for installation of services by the licensee at his own cost, the consumer guaranteeing a specified return.	
		× × × ×		
62	Clause VI (2)	(2) *Unless otherwise agreed upon between a licensee and a consumer* any service line laid for the purpose of supply in pursuance of requisition under sub-clause (1) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition, *become the property of the licensee, and shall* be maintained by**him free of cost to the consumer.*	This is consequential to the amendments proposed to the first proviso to sub-clause(1). Provision has been retained for ownership by a consumer in cases of special agreements that may be made by a licensee in cases where the service line is unusually long and does not yield reasonable return. This will also cover services laid heretofore and where contributions have been made by consumers towards the cost thereof.	

1	2	3	4	5
63	Clause VI (3)	(3) Where any difference or dispute arises as to the amount of energy to be taken or guaranteed as aforesaid, *or as to the position of meter board and service line on a consumer's premises* or as to the cost of service line *for the purpose of arriving at the guaranteed return* or as to the sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires, fittings, works or apparatus; or as to the amount of the expenses incurred under the third proviso to sub-clause (1), the matter shall be referred to an Electrical Inspector and decided by him. *Provided that, before either a licensee or a consumer applies to the Electrical Inspector under this sub-clause, he shall give to the other party not less than fifteen days' notice of his intention so to do.*	It is considered desirable to give the Electrical Inspector power to give decision on disputes relating to the position of meter boards and service lines on consumers premises as well as the disputes relating to guaranteed return. On the analogy of provisions in sub-section (6) of Section 26, it is considered desirable to provide for a notice before submission of an appeal to an Electrical Inspector. As a dispute relating to matters specified in this instance is likely to take longer time for investigation it has been considered desirable to extend the period of notice to fifteen days.	
64	Clause VIII (1).	Supply for public lamps— (1) Where after distributing mains have been laid down under the provisions of Clause IV or Clause V and the supply of energy through those mains or any of them has commenced a requisition is made by the* State Government or by a local authority requiring the licensee to suply for a period of not less than * *five* years energy for any public lamps within the area of supply the licensee shall supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continues to supply, energy for such lamps in such quantities as the State Government or the local authority, as the case may be, may require.	The period of seven years for the agreement to take supply for public lamps has been considered too long and it is proposed to reduce it to five years.	
65	Clause VIII	*If so required by the State Government or the local authority as the case may be, a licensee shall place on his supports the mains and other equipments for public lamps where the State Government or the local authority has complied with the provisions of sub-clauses* (1) *and* (2) *above, and in the event of a dispute in this respect, the matter shall be referred to arbitration by either party.*	It has been reported that certain licensees refused the local authority to run the street lighting mains and place lamps on the existing posts. Such a policy is considered very derogatory to progress. A provision has also been made to enable a licensee to seek arbitration in case he has valid grounds to prove that such step would be harmful to his works or supply.	
66	Clause IX (1)(b)	Special provisions applying to supply by bulk licensees:— * * * * * (b) Such distributing licensee shall, if required by the bulk licensee so to do, enter into a written agreement to receive and pay for a supply of energy for a period of not less than **five* years of such an amount that the payment to be made for the same at the rate of charge for the time being charged for such supply shall not be less than such an amount as will produce *a return not exceeding 15 per centum per annum* to the bulk licensee on the outlay (excluding expenditure on generating plant then existing and	It is considered desirable to make the provision to enable the parties to alter the rates if considered desirable after the expiry of the period of five years instead of seven years. The second proposal is only consequential proviso to sub-clause (1) of clause VI of the Schedule.	

1	2	3	4	5
		any electric supply line then laid down or placed, incurred by him in making provision for such supply. * * * * *		
67	Clause X (2)	Methods of charging— * * * * * (2) Before commencing to supply energy through any distributing main the licensee shall give notice, by public advertisement, of the method by which he proposes to charge for energy so supplied and, where the licensee has given such notice, he shall not be entitled to change that method of charging without giving not less than one month's notice in writing of such change to the State Government, *the State Electricity Board where such a Board has been constituted,* to the local authority (if any) , concerned, and to every consumer of energy who is supplied by him from such distributing main.	The proposed addition is consequential to the provision of the Electricity (Supply) Act, 1948.	
68	Clause XI	Repealed.	Under the Sixth Schedule to the Electricity (Supply) Act, a licensee is required to adjust his rates to earn a specified reasonable return, and sections 57 and 58 of the Electricity (Supply) Act provide for control by the State Electricity Boards of the licensees activities in this connection. The provision of maximum charges in the licenses is considered contrary to the provisions above-mentioned.	
69	Clause XI-A.	XI-A. Minimum charges— *Where a consumer is not required to pay any other minimum charges under any of the other provisions of this Act for the purpose of supply of energy* a licensee may charge him a minimum charge of such amount and determined in such manner as may be specified by his license, and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer during the period for which such minimum charge is made *upto the amount of the minimum charges at current rates.* *Provided that, if, at any time after the expiration of three years from the commencement of the license, the State Government considers that the minima so fixed or approved as aforesaid should be altered, it shall make an order for such alteration as it thinks fit and that order shall have effect from such date as may be mentioned therein.* *Provided also that, where an order in pursuance of the foregoing proviso has been made no further order altering the minima so fixed shall be made until the expiration of a period of three years.*	Under Sections 57 and 58 of the Electricity (Supply) Act, 1948 it is not clear whether a Rating Committee can alter the minimum charges. To ensure that the minimum charges can be altered when considered it is proposed to amend the clause.	
70	Clause XII	Charge for supply for public lamps:— The price to be charged by the licensee and to be paid to him for energy supplied for the pubic lamps, *other charges in connection with the same* and the mode in which those charges are to be ascertained, shall be	The existing clause would appear to limit the arbitration arising out of any difference or dispute as to the price of energy only while the charges for public lamps include other charges such as those for lamp-	

1	2	3	4	5
		settled by agreement between the licensee and the State Government or the local authority, as the case may, and, where any difference or dispute arises, the matter shall be determined by arbitration.	renewals, maintenance of street lighting etc. also.	
71	Clause XIV	XIV. Facilities for testing— The licensee shall afford all facilities for inspection and testing of his works and for the reading, testing and inspection of his instruments, *by an Electrical Inspector, or other person or persons, duly authorised by him* and may, on each occasion of the testing of his works or the reading, testing or inspection of any instruments, be respresented by an agent, who may be present, but shall not interfere with the reading, testing or inspection.	The clause does not mention the authority entitled to carry out the tests provided for in the clause. The clause is, therefore, proposed to be amended to provide for enabling the Electrical Inspector or other person or persons duly authorised by him to carry out the tests etc.	
72	Clause XV	Testing of works— On the occasion of the testing of any works of the licensee by an Electrical Inspector *or other person or persons duly authorised by him*, reasonable notice thereof shall be given to the licensee; and the testing shall be carried out at such suitable hours as in the opinion of the Electrical Inspector, *or other person or persons duly authorised by him*, will least interfere with the supply of energy by the licensee, and in such manner as the Electrical Inspector *or other person or persons duly authorised by him*, may think fit, but, except under the provisions of an order made in each case in that behalf by the State Government, the Electrical Inspector *or other person or persons duly authorised by him*, shall not be entitled to have access to or interfere with, the works of the licensee at any points other than those at which the licensee himself has access to the same: Provided that, the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by, or required by the Electrical Inspector *or other person or persons duly authorised by him*, for the purpose of, any such testing as aforesaid: Provided also that, the testing shall not be made in regard to any particular portion of the works oftener than once in any three months, unless in pursuance of an order made in each case in that behalf by the State Government.	This is consequential to the amendments to Clause XIV above.	

Appendix VII

Statement of the Comments of the Various Ministries of the Government of India, the State Governments, the Federation of Electricity Undertakings of India, the Association of Chambers of Commerce of India etc., on the Statement at Appendix VI and the Remarks of the Member-Secretary thereon



Statement of the Comments of the Various Ministries of the Government of India, the State Governments, Federation of Electricity Undertakings of India, the Association of Chambers of Commerce of India etc., on the Statement at Appendix VI and the Remarks of the Member-Secretary thereon.

(*Note*—Asterisks indicate deletion and italics indicate addition.)

Serial No.	Item No. of the Statement of the proposed amendments	Existing Section No.	Text of the section as proposed to be amended	Comments	Remarks of the Member-Secretary
1	2	3	4	5	6
1	..	General.		*The Federation of Electricity Undertakings of India, Bombay.* In view of the very limited time available to study the "Statement of Amendments" formulated by the Advisory Board, it has not been possible for the Federation to comment in full detail, and consequently its examination of the proposed amendments is limited mostly to important points which will have repercussions on the industry's future. Some of the amendments proposed, especially those which seek to alter the provisions for payment of compensation in the event of compulsory acquisition of undertakings, the obligation for the licensee to finance entirely the cost of service lines, and the propriety of providing for a situation where a State Government will continue to engage in the business of supplying energy which is going contrary to the basic scheme of the E. (S). Act, 1948, in respect of formation of State Electricity Boards, are highly objectionable, and it is the Federation's earnest hope that these along with others upon which the Federation has expressed opinion, would be reviewed by the Board in the context of the very strong feelings entertained by the Industry in these respects. We would here like to repeat what has been stated in the body of our comments, namely that the mere publication of some of your proposals would be likely to put a final stop to further investment in the Industry.	As it is proposed to invite the representatives of the Federation of the Electricity Undertakings of India to place personally their views on the amendments to the Act proposed by the Advisory Board, the question of forwarding the remarks of the Federation on the amendments to the Government along with the Board's report does not arise. As regards the objections against— (*a*) the alteration of the provision for payment of compensation in the event of compulsory purchase of an undertaking, (*b*) financing the entire length of the service line by the licensee, (*c*) the State Governments continuing to engage in the business of electricity supply which is contrary to the basic scheme of the Electricity (Supply) Act, 1948. These have been dealt with at appropriate places.

			The Federation would like to add that they feel convinced it would greatly assist all concerned if the Board could find opportunity to confer at some length with the Industry, since, in considering a subject of such far reaching importance as an extensive amendment to this old established Act, there arise many economic and other points which cannot be best developed in correspondence, especially at short notice. Seeing that the Central Government has not so far been able to deal with certain very essential amendments to the Electricity (Supply) Act, 1948, long under consideration, the Federation feels that there can hardly be such great urgency about amendments of the 1910 Act (which after all has been working very effectively on the whole for very many years) as would preclude enough time being taken for such a useful conference between you and the Federation. Should, nevertheless, a conference between us be, for some reason, impossible, it is earnestly hoped the views expressed by the Industry would receive the Board's weighty consideration and in any case it would be appreciated if the Board would, in submitting their report to Government, also forwarded the remarks of the Federation on such matters as they do not themselves bring into line with the Federation's recommendations.	
			Shri R. Vanchinathan, Chief Electrical Engineer, Northern Railway, Member, Advisory Board.	
	General		The interests of the various Departments of the Central Government should be fully protected and if any difference of opinion should arise in the administration of the Indian Electricity Act between a Local Government and a Department of the Central Government, it must be settled expeditiously and smoothly. The Central Government (acting through the Ministry of Irrigation & Power) should have powers to issue necessary directives to the Local Governments from time to time. This point is rather important in view of the fact that the Local Governments are given great powers under the Indian Electricity Act and very soon almost all electrical activities in the States will be controlled	1. Authorisation of the Central Government in the Ministry of Irrigation & Power to issue directions to the State Governments in the event of differences arising between the Departments of the Central Government and the State Governments in respect of the provisions of the Act would lead to undue interference. 2. Since it is proposed to provide for the State Governments discharging to some extent the obligations of the licensees whenever engaged in the business of electricity supply, the legitimate rights of the Central Government Departments as consumers would be amply safeguarded.

1	2	3	4	5	6
				and in fact executed by Local Government Departments. There will, therefore, be a tendency to administer the Act more in favour of the "Electricity Supplier" sometimes somewhat ignoring other important interests.	This suggestion may not be accepted.
			Definitions :— * * * * *	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. Undertaking, Bombay.*	
3	2	2(a)	**"overhead line" means any electric supply line which is placed above ground and in the open air ;**	The definition may be altered as follows :— "overhead line" means any electric transmission distribution or service line, placed above ground and in the open air, including cables and wires connected thereto.	The proposal to provide for the treatment of cables and wires connected to the overhead line as overhead line even if such cables or wires are not above the ground, would be impracticable as they will be required to comply with the provisions of the rules relating to the overhead line.
				Under Secy. to Govt. of India, Min. of Labour, New Delhi.	This suggestion may not be accepted.
4		Do.	Do.	The term "aerial line" is proposed to be substituted by the term "overhead line". Consequential amendments may be made in the Act wherever this term occurs.	This suggestion may be accepted.
5		Do.	Do.	*Madhya Pradesh Electricity Board, Nagpur :* Overhead Lines : This is defined in the I.E. Rules recently finalised. To define again in the Act is unnecessary unless it is dropped in the Rules. Proposed Text : Drop the definitions in the Rules and include it here C.W. & PC's Text.	The definition in question should preferably be incorporated in the Act. The proposal to drop it from the Rules may be made to the Central Electricity Board at the appropriate time.
			Definitions:— * * * * * *	*Shri T. S. Rao, Chief Engineer, B. E. S. & T. Undertaking, Bombay.*	
6	3	2(c)	**"consumer" means any person who is supplied with energy by a licensee, *non-licensee or other supplier of energy engaged in the business of supplying energy* or whose premises" is for the**	*Line* (1) : Substitute the words "who is supplied with energy" by "owner or occupier of premises who receives a direct supply of energy". *Line* (2) : Substitute "by" by "from" and after the	*Line* (1) : The provision intended to be made is already covered by the expression "whose premises is for the time being connected for the purpose of supply of energy with the works of the licensee etc." *Line* (2) : This suggestion does not arise in

			time being connected for the* purpose of supply of energy with the works of a licensee, *non-licensee, or other supplier of energy.*	word "energy" add "for use by him, his tenants or employees". *Line* (3) : It is considered that the word "consumer" should define the categories of persons who receive energy from licensees, non-licensees or other suppliers of energy whether or not engaged in the *business* of supplying energy. Hence, the words "engaged in the business of supplying energy" should be deleted from the definition.	view of the above remarks. *Line* (3) : The proposal to delete the expression "engaged in the business of supplying energy" would result in imposing the obligations of a licensee or a sanction holder on the persons who supply surplus energy to their employees, within their own premises. The imposition of such obligations may prevent such persons from disposing of the surplus energy to their employees. This suggestion may not be accepted.
				The Bengal Chamber of Commerce & Industry, Calcutta.	
7	3	2(c)	Please see Serial No. 6	The latter portion of this definition is a little confusing and might be taken to mean that where a licensee connected up his mains with some other generating station as has been done in the case of the Railway in Lucknow and where a supply is exchanged with the Railway, the Railway would have the rights of a consumer although they might in fact, be the suppliers. It is, therefore, suggested that the latter portion of this item be altered to read— "For the purposes of receiving a supply of energy from the works of a licensee, non-licensee or other supplier of energy".	This suggestion may be accepted.
				Office of the Chief Electric Inspector, Government of West Bengal, Calcutta.	
8	Do.	Do.	Do.	(1) Unless non-licensees and other suppliers of energy have obligations towards their consumers similar to those of a licensee, the privileges and rights which are intended to be conferred on the consumers from such suppliers of energy, will hardly have the desired result.	(1) All suppliers of energy do not have identical obligations towards their consumers. These vary according to the terms of their franchise and the statute under which such franchise is granted. For example, the State Electricity Board is governed by the provisions of Section 26 of the Electricity (Supply) Act, 1948, the Damodar Valley Corporation, by the D.V.C. Act, 1948. Consumers have certain rights and privileges under the I.E. Act, 1910 and the Rules made thereunder and if the term "consumer" is defined as proposed, they will be entitled to the full rights which a particular type of supplier is obliged to grant under his franchise and the statute governing the same.

1	2	3	4	5	6
				(2) The word "non-licensee" is now proposed to be used in the revised I.E. Act. It should, therefore, be defined. "Non-licensee" is defined in the I.E. Rules, but no expressions defined in the I.E. Rules can possibly have the meanings assigned to them in the parent Act, *viz.* the I.E. Act.	The term "non-licensee" occurs in Part III of the Act and has been defined under the (Draft) I.E. Rules. It would be advisable to define it under section 2 of the Act as follows instead of in the Rules. The Central Electricity Board will be advised to delete it at the appropriate time : "non-licensee" means a person generating, supplying, transmitting or using energy to whom any of the provisions of Part III of the Act apply.
				(3) As is apparent from section 28(2) of the I.E. Act a difference or dispute may arise from the interpretation of the expression "a person engaged in the business of supplying energy". This expression, therefore, requires to be defined also.	The expression "engaged in the business of supplying energy" was proposed to be defined by the incorporation of an explanation under Section 28(2) *vide* Item No. 44 at page 27 of the Statement of the Draft of the various sections of the Act proper based on the decisions of the Board taken in its first meeting. In its second meeting, however, the Board decided to delete the above explanation as they did not consider it advisable to incorporate it.
				(4) In order to meet the whole situation as indicated in my comments under (1), (2) and (3) above it is suggested that instead of extending the definition of "consumer" a new section 28A be introduced to deal with cases of supply by non-licensees and other suppliers of energy like DVC etc.	In view of the remarks given in item (1) above the incorporation of a new section 28A to deal with the cases of supply by non-licensee and other suppliers of energy such as the D.V.C. etc. is not considered necessary.
				Madhya Pradesh Electricity Board, Nagpur.	
9	3	2(c)	Please see Serial No. 6	*Consumers :* Existing definition is confined to consumers of a licensee for reasons to be explained hereafter. Provisions of Part III have to be amended to impose certain obligations of a licensee. Other supplier includes the State Govts., Central Govt., statutory bodies like Electricity Boards, the DVC, the Regional Boards contemplated under River Valley Development bill. Excepting the State Govts.,	*Vide* remarks against serial No. 8.

				respective Acts may be expected to declare them should, thus be necessary as a licensee in a limited sense. The amendment proposed would appear at first innocuous. On examination, as there is a difference in the consumers of a licensee licensed under Part II and of the Govt. or the various statutory bodies, I am inclined to recommend existing definition to stand. PROPOEDS TEXT : Existing section 2(c) to stand. REMARKS : The privileges and protection which the consumers of a licensee enjoy are :— (*i*) they are entitled to charges without undue preference ; (*ii*) all persons within the area of supply are entitled to be supplied on requisition to the licensee and payment of requisite charges and guarantees ; (*iii*) in the event of a dispute they have a right of appeal to the Electric Inspector. None of these apply to consumers of State Electricity Boards as the concerned sections are, except in their applications to the Board.	
10	Do.	Do.	**Please see serial No. 6.**	*Under Secretary to Govt. of Orissa, Works Deptt., Bhubaneswar.* The word "lawfully" may be added between the words "energy" and "engaged" and the letter "a" occurring after the words "with the works of" and before the word "Licensee" may be substituted by the word "such".	Persons can engage in the business of electricity supply only lawfully and not otherwise. This suggestion may not be accepted.
11	Do.	Do.	**Do.**	*The Secretary to Govt. P.W.D., Hyderabad (Deccan).* The additional words "non-licensee" and "engaged in the business of supplying energy" are quite superfluous as the term 'other suppliers of energy' covers "non-licensees" also and the term "supplier of energy" clearly denotes a person who is engaged in the business of supplying energy.	The supplier of energy is not necessarily engaged in the business of supplying energy. For example, a mill owner supplying surplus power to his staff on the same premises or to a mill canteen across the street or near his premises cannot be considered as engaged in the business of supplying energy.
11A	Do.	Do.	**Do.**	*The Secy. to Govt. of Madras, P.W.D., Madras.* The proposed revised definition of "consumer" would appear to be rather cumbrous. Besides, it would also seem necessary to bring under the scope of the	Persons whose installations are disconnected temporarily cannot equitably be called upon to take up the liabilities of the con-

1	2	3	4	5	6
				proposed amendment a person who had been taking supply, but whose installations have been temporarily disconnected. To meet these points, this Government would suggest that the proposed definition may be reworded as follows :— "Consumer" means any person who is supplied with energy by a licensee or any other public supplier of electricity and includes those whose premises have been for the time being temporarily disconnected from the works of such licensee or the public supplier of electricity, the term "public supplier of electricity" being defined as follows :— "Public supplier of electricity" means a non-licensee, Government Department, Electricity Board or any body vested with power to supply energy. *Shri T. S. Rao Chief Engineer, B.E.S. & T. Undertaking, Bombay.*	sumers. They may not, therefore, be brought within the purview of the definition of the term "consumer". The above suggestion was considered in the first meeting of the Board and was not accepted. The draft definition is not cumbersome as contended. This suggestion may not be accepted.
			Definitions :— * * * * *		
12	..	2(e)	"distributing main" means the portion of any main with which a service-line is, or is intended to be, immediately connected :—	It is considered desirable to lay down clear definitions to distinguish the difference between distributing main, sub-distributing main and service line. For reasons, see item No. 60, clause V (1) (a) of the Schedule. This may be redrafted as follows :— "distributing main" means the portion of any main laid in a street or a public place with which a sub-distributing main, a service line or multiple service lines are, or intended to be immediately, connected. Also add under this definition the following :— "sub-distributing main" means that portion of the electric supply line laid in public or private property with which a service line is, or is intended to be, immediately connected. *Shri T. S. Rao, Chief Engineer B.E.S. & T. Undertaking, Bombay.*	In accordance with the existing definition any portion of the main which has a service line connected thereto is to be considered as a distribution main. Therefore, the sub-distribution mains as proposed would also become a distribution main within the meaning of the provision in question. It is immaterial whether any of the portion of the main is called a distribution main or a sub-distribution main as long as the consumer is not required to pay for it or to give a minimum guarantee thereon. This suggestion may not be accepted.
			Definitions:— * * * * *		
13	4	2(f)	"electric supply-line" means	It is desirable to include foundations and earthing	The proposed definition is sufficiently comprehensive. This suggestion may not be accepted.

			a wire, conductor, or other means used for conveying, transmitting or distributing energy *either by overhead line or lines or by underground cable or cables*, together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part there of *including any supports, brackets, crossarms, stays, struts, safety devices or mechanical or electrical contrivances used in connection therewith*, or any apparatus connected therewith for the purpose of so conveying, tranmitting or distributing such energy ;	devices under overhead lines and joint boxes, distribution pillars and earthing devices under, underground cables. This definition may be altered as follows :— "electric supply line" means a wire, conductor bare or insulated, or other means used for conveying, transmitting, distributing or supplying energy, either by overheadline or lines or by underground cable or cables. The overhead line or lines include any supports, brackets, cross-arms,bearer wires, span wires, stays, struts,foundations, earthing connections, safety devices or mechanical or electrical contrivances used in connection therewith. The underground cable or cables include any casing, coating, covering, joint box, distributing pillar, earthing devices, tube, pipe or insulator, enclosing, surrounding or supporting the same or any part thereof. *The Secretary to Govt. P.W.D., Hyderabad (Deccan).*	
14	Do.	Do.	Do.	In clause 2(f) of the statement, the underlined words "either by overhead line or lines or by underground cable or cables" are redundant, as the original words (and which are retained) namely "or other means used by conveying, transmitting, or distributing energy" convey the same sense and are very comprehensive. *Madhya Pradesh Electricity Board & Govt. of M.P., Electricity Deptt., Nagpur.*	The words "either by overhead line or lines or by underground cable or cables" may be substituted by the words "either by over head or by underground line or lines".
15	Do.	Do.	Do.	*Electric Supply Line :*— Existing definition in actual practice has proved to be adequate. The amplification, if it is to be complete, has to include all types of construction in common use *e.g.* Insulated Lines suspended from bearer wires : PROPOSED TEXT : Existing definition appe arsadequate. *The Seey. to the Govt. of Bihar, Electricity Deptt., Ranchi.*	The existing definition is inadequate in as much as it does not cover the mechanical parts *e.g.* support, cross-arm etc. This suggestion may not be accepted.
16	4	2(*f*)	Please see serial No. 13.	The addition of the words "either by overhead line or lines or by underground cable or cables" makes the construction unsatisfactory. For a proper reading it is suggested that these may be substituted by "either above or below the ground".	*Vide* remarks against Serial No. 14.

1	2	3	4	5	6
				The Secy. to Govt. of Andhra, P. W. & Transport Deptt. Kurnool.	
17	4 2 (f) Please see	Serial No. 13	Do.	"Wire" describes the shape while "conductor" describes the quality. Hence it would appear that these two need not be clubbed. Electric supply line will be a wire and a conductor and it can be nothing else. The definition may be recast as follows.—: "Electric Supply Line" means an overhead line or lines or underground cable or cables used for conveying, transmitting or distributing energy, together with any casing, coating, covering, tube, pipe or nsulator enclosing, surrounding or supporting the same or any part thereof, including any supports, brackes, cross arms, stays, struts, safety devices and any other mechanical or electrical contrivances usedein connection therewith, or any apparatus connscted therewith for the purpose of so conveying, tranmitting or distributing such energy".	The redraft suggested is not an improvement on the draft proposed against Serial No. 14. Incidentally, the incorporation of the words "wire" and "conductor" are in accordance with the existing definition of the term "electric supply line". This suggestion may not be accepted.
				The Secy. to Govt. of Madras, P. W. D., Madras.	
17A	Do.	—	Do.	This Govt. would suggest that the proposed revised definition may be recast as follows with a view to making it less cumbrous.— "electric supply line" means an overhead line or lines or underground cable or cables used for conveying, transmitting or distributing energy, together with any casing, coating covering or insulator enclosing, surrounding or supporting the same or any part thereof, including any supports, brackets, cross-arms, stays, struts, safety devices and any other mechanical or electrical contrivances used in connection therewith or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing energy".	In view of the ramarks against Serial No. 14, this suggestion may not be accepted.
				Shri T. S. Rao, Chief Engineer, B.E.S.T. undertaking, Bombay	
18	5	2(g)	"energy" means electrical energy when generated, transmitted, supplied, or used for any purpose***	In line 2, after the word "transmitted, add "transformed, converted, distributed."	This suggestion may be accepted

				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
19	Do.	Do.	Do.	The words "except the transmission of a message" have been deleted. The words "for any purpose" appear to have no longer any particular significance.	The words "for any purpose" are necessary to complete the sense and should be retained. This suggestion may not be accepted.
				The Secy. to Govt. of Andhra, P. W. &. Transport Deptt., Kurnool.	
20	Do.	Do.	Do.	Since necessary provision for safety precautions in respect of telegraph lines can be made in the rules under the Indian Telegraph Act, 1885, the definition of "energy" as existing may stand.	*Vide* remarks against Serial No. 21.
				Under Secretary to the Govt. of India, Ministry of Communications, New Delhi.	
21	Do.	Do.	Do.	It has been suggested that the P.&.T. and the Broadcasting line should be brought under the purview of the Electricity Act in the interest of the safety of the life and property. This Ministry would like to have further detailed reasons for bringing about this change.	Amendment of the definition of the word "energy" has been proposed in view of the development of Broadcasting, Tele-communication installations etc. Inspection of such installations by an independent authority (Electrical Inspector as distinct from the Executive Authority of the P. & T. and Broadcasting Departments etc.) is considered necessary in the interest of safety of life and property specially as high voltage and high frequency equipments are freely used in the above type of installations. The Inspectors for inspecting the Central Government installations of the type mentioned above would be appointed by the Central Government in the Ministry concerned as provided under the amended section 36.
				The Secy. to Govt. of Madras, P. W. D. Madras.	
21A	5	2(g)	Please see Serial No. 18.	The proposal to bring the entire sphere of telephone and telegraphic communications under the scope of the I.E. Act will not only involve the question of responsibility, but also the question of fixing the minimum size of conductors etc. No doubt safety precautions will be necessary for telegraph lines operating at high voltages, but it would appear best that a separate set of regulations be framed to cover the same without encumbering the I.E. Act. It may not be possible for the supply engineers or Electrical Inspectors, who are in charge of enforcement of the provisions of the I.E. Act, to visualise	In view of the remarks against Serial No. 21, this suggestion may not be accepted. The Ministry of Communications, who are the administrative Ministry in respect of Indian Telegraph and Telephone system, have not raised any objection to the proposed amendment.

1	2	3	4	5	6
				all the repercussions of the proposed amendment as also the precautions which may be needed for the inclusion of radio and communication frequency supplies under the I. E. Act. In the circumstances this Govt. would suggest that the existing definition in section 2(g) of the Act may stand as it is.	
			Definitions— * * * * *	*Bombay Chamber of Commerce, Bombay*—1.	
22	6	2(h)	"licensee" means any person licenced under Part II to *** *engage in the business of supplying enegy;* *Where the State Govenment itself egages in the business of supplying energy, it shall have all the powes and obligations of a licensee under this Act :* *Provided that, nothing in sections 3 to 11, sub-sections (2) and (3) of section 21, sections 22, 23 and 27 of the Act or clauses I toXII of the Schedule the eto relating to the duties and obligations of a licensee shall apply to the State Government.*]	In your notes upon the proposed amendment to section 2(h) a reference is made to the E.(S) Act whereby it is envisaged that, after its coming into force, the State Electricity Board and not the State Government should engage in the business of electricity supply. It is then proposed that where the State Electricity Boards are not constituted and the State Government undertakes the business of supplying energy, there is no reason why the latter should not have the same powers and obligations as the Electricity Board under Section 26 of the E.(S). Act, 1948. The Chamber would draw attention to the impropriety of legislating for State Governments to continue to engage in the business of supplying energy in the absence of Electricity Boards when the E.(S) Act of 1948 clearly directs that such business shall be transferred to State Electricity Boards. This point was brought to the notice of the Government of India in a resolution which was moved at the 1953 Annual Meeting of the Associated Chambers of Commerce of India under the heading of "The Electricity Supply Industry". In dealing with this point the Associated Chambers urged that there should be no further delay in the formation of these Boards and suggested that the existing bar be removed to the eligibility for nomination to the Boards of men with an interest in, and therefore, a day-to-day knowledge of, the business of electricity. The resolution went on to state that evidence was not lacking that there is in certain States little appreciation, on the part of the authorities at present charged with the duty of electricity development, of the importance of having adequate thermal back-	It is likely that some of the States may not be able to constitute the State Electricity Boards principally on account of very meagre electrical development and financial and other difficulties. It is therefore, advisable to provide for enabling the State Governments to engage in the business of electricity supply wherever necessary. When they are so engaged it is only fair to the consumers that the State Governments are made to discharge the obligations imposed on the State Electricity Boards under Section 26 of the E. (S) Act. This suggestion may not be accepted.

				up of hydro-electric projects, not only against the vagaries of monsoons but for more technical economic reasons. Statutory electricity Boards would lose no time in co-ordinating planning of power projects in such a manner as to balance hydro with thermal power, according to the engineering and economic optima of each area. *The Federation of Electricity Undertakings of India, Bombay.*	
23	Do.	Do.	Do.	It is clearly the intention of the Electricity (Supply) Act that a State Electricity Board must be formed to take over the functions of Electric Supply which are now being performed by a State Government. Therefore the propriety of a proposal to legislate for a condition where there is no Board is seriously open to question especially in view of the specific objective and direction of the Electricity (Supply) Act that such Electricity Boards should be formed "for the rationalisation of the production and supply of electricity, for taking measures conducive to the electrical development of the States of India and for all matters incidental thereto" as stated in the preamble to the Act. It is highly desirable that the formation of Electricity Boards should no longer be deferred for reasons which have been expressed to the Central Government on a number of occasions, and most of which were recently repeated to the Shroff Committee as per copy of minutes attached with the comments on clause VI(I).	Do.
24	6	2(h) proviso	Please see serial No. 22.	The Federation of Electricity Undertakings of India, Bombay and Bengal Chamber of Commerce & Industry. This appears to be a reproduction of the proviso to Section 26 of the Electricity (Supply) Act, 1948. In the context in which it is now appearing it will be without regard to all the many obligations which a State Electricity Board has under the Electricity (Supply), Act, including the obligation not to show undue preference to any person. If at all, therefore, a State Govt. should continue to engage in electric Supply it should be subject to all the obligations applicable to an Electricity Board under the Electricity (Supply) Act before it can be exempted from any under the 1910 Act.	The provision does not intend that the State Government when engaged in the business of electricity supply should exercise all the powers and discharge all the functions of the Electricity Board. It is intended that the State Governments, when engaged in the business of supplying energy, should discharge at least some of the obligations of the licensee which, at present, they are not bound to discharge. This suggestion may not be accepted.

1	2	3	4	5	6
25	6	2(h)	**Please see serial No. 22**	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.* The word "business" implies by legal definition engaging in the supply of electricity "for the purpose of making profit". A private licensee authorised to supply energy under a licence, is engaged in the business of supplying energy, i.e. his purpose is to make "profit" by selling energy. A person authorised to supply energy under Section 28 of the Act, may or may not be engaged in the business of electric supply. Again, with rare exceptions, local authorities are only authorised to supply energy under a licence although they supply electricity to the community primarily as a matter of service and not solely as a business for gain or source of revenue. There are cases where large private oganisations generate or purchase energy in bulk and while utilising the same for their major business, such as for a factory, they also supply electricity to their employees and outsiders, such as bazaars, educational institutions, churches, etc. Further, in the case of large Govt. organisations, such as Railways, Military installations, etc., energy is supplied to their employees and other bodies in the colony. In urban cities like Calcutta, Bomaby, etc., energy is purchased by the landlord of the premises who distributes the same to his tenants in the building as an essential service to them, on a par with water supply and sanitation and therefore, he cannot be considered as being engaged in the business of supplying electricity. It is considered that the Electricity Departments of Central and State Govts., State Electricity Boards and local bodies supply electricity to the community primarily as a matter of service and not as business for gain or as a source of revenue. They should not be considered as being engaged in the business of supplying electricity and they should not be brought under the provisions of the Sixth Schedule of the E. (S) Act, 1948.	It cannot be said that the local authorities when supplying electricity to the public, do not do so with profit motive. In fact almost all local authority licensees are making as much as 300 more profit than they would be entitled to if the provisions of the sixth Schedule to the Electricity (Supply) Act are made applicable to them. Instead of utilizing these profits for the development of elctricity, they have been utilized for financing other activities of the local authorities. This has been detrimental to the interest of the electrical development. Similarly, the State Govts. are also making larger profits than what they would get if their financial operations were guided by the provisions of the Sixth Schedule to the E. (S) Act. In this context it may be mentioned that the Punjab Govt. have declared itself as a licensee under the I.E. Act, 1910 in pursuance of the provisions of the Punjab Electricity Act of 1939 and are believed to regulating their financial operations under the provisions of the Sixth Schedule. The provisions of the Sixth Schedule do not apply to the local authority licensees and the Electricity Boards. Their amortisation and tariff policies are governed by the provision of Section 388, Chapter VI of the E. (S.) Act respectively. It is considered that a person taking supply from the State Government or the Electricity Board or the local authority undertakings should not be at a disadvantage when compared to person taking supply from the private licensee. It is proposed to define the term "non-licensee" in the Act instead of in I.E. Rules which includes all persons whether engaged in the business of supplying energy or not, vide remarks against Serial No. 8. This suggestion may not be accepted.

				There should, however, be no objection for the Govt. Departments, State Electricity Boards and Local Bodies supplying electricity, having the same powers and obligations of a licensee, whether or not they supply electricity under a license. This definition may be redrafted as follows :— "licensee" means any person licensed under Part II of the Act to generate, transmit, distribute and supply energy. In sub-para (1), line (2), delete the words "the business of". Also add at the end of 2(h) :— "non-licensee" means any person engaged in the business of generating, transmitting, distributing and supplying energy as per sanction under Section 28, to whom Part III of the Act applies.	
26	..	..	..	*The Bengal Chamber of Commerce & Industry, Calcutta.* The Advisory Board says that the Electricity (Supply) Act 1948 which provides for the establishment of State Boards, excluded these from the operations of certain sections of the Indian Electricity Act, 1910, and where the Boards have not been formed, this exclusion should automatically be transferred to the State Government. But the State Govt. and the State Board (the constitution of which is rigidly laid down by the 1948 Act) are two very different things.	It is intended to treat the State Govt. Electricity Supply Department on the same footing as the Electricity Board in so far as engaging in the business of supplying electricity is concerned. However the State Govt. Electricity Departments will not, have the powers of the Electricity Board in other respect, viz. rationalization of production, and supply of energy. Also vide remarks against Sl. No. 24. This suggestion may not be accepted.
27	6	2(h)	Please see serial No. 22	Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta. (1) Is section 26 of the Electricity (Supply) Act, 1948 implies a general license for the State Electricity Board for the whole of a State. When a State Govt. like an ordinary licensee works an undertaking for supply of energy to the general public within a specified area it is not seen why having regard to interests of the public, the State Govt. should not acquire obligations of a licensee. No grounds are seen for this discrimination in general public interests.	The proposal is intended to impose some of the obligations of a licensee on the State Government when engaged in the business of electricity supply. Generally whenever a state electricity supply department engages in the business of electricity supply, it usually does so when it is developing a major scheme to cover a substantial area. If it were required to discharge all the obligations of a private licensee to give supply whenever a requisition is made on it, it may not be possible for it to discharge this obligation on account of several reasons. In that respect it would be more or less working on the same lines as the State Electricity Board. It would therefore be desirable to impose on the State Govt. only such obligations which it could reasonably discharge. This suggestion may not be accepted.

1	2	3	4	5	6
				(2) Non-licensees supplying energy under section 28 of the I.E. Act should also have certain obligations of a licensee in the matter of supply of energy to consumers.	The provisions for discharging certain necessary obligations of a licensee by the non-licensee are usually made in the sanction granted to the non-licensee for engaging in the business of electricity supply.
				(3) In order to avoid unnecessary complications in the definition of "licensee" it is suggested that the whole matter relating to the obligations of State Govts., non-licensees and other suppliers of energy like D.V.C. etc. towards consumers forms a subject matter of a new section 28A.	This suggestion may not be accepted. Vide remarks against Serial No. 8.
				The Secretary to Govt. of Travancore-Cochin, P.W. & Communications Deptt. (Electricity Sec.) Trivandrum.	This suggestion may not be accepted.
28	Do.	..	Do.	There is no objection to this amendment, but the State Govt. should be exempted from the provision of the new Section 46A also. The proviso may also have to be recast taking into account the present proposed amendments to the I.E. Act.	Under the proposed provision, the State Government would be exempted from the provisions of Section 11 of the Act relating to the maintenance and submission of accounts. The question of the exemption from the provisions of Section 46A(1) which relates to the penalty for failure to keep the accounts does not arise.
				Madhya Pradesh Electricity Board, Nagpur.	This suggestion may not be accepted.
29	Do.	Do.	Do.	PROPOSED TEXT :	The proposal amounts to exempting the State Governments and the State Electricity Boards from all the provisions of the I.E. Act. On the other hand, it is generally opined that the Govt. Electricity Departments and the Electricity Boards be subject to as many obligations of the licensee as possible .
				(*i*) Licensee means any person licensed under Part II to engage in the business of supplying energy where the context so admits unless otherwise varied in his sanction it also includes a sanction holder sanctioned under Part III of this Act.	There can be no objection to the State Electricity Boards or the State Governments discriminating between the various classes of consumers having the same demand and consumption as long as such discrimination is not shown within the same class of consumers. It is a well known fact that some of the electricity undertakings offer lower rates for flour mills than for workshops in spite of the fact that the load and consumption of the workshops and the flour mills may be the same. Such discrimination
				(*ii*) Where the State Govt. or the Central Govt. as the case may be engaged to supply energy, without prejudice to the power of the Govt. to exempt itself from one or more or any sections of this Act where in their opinion, public interest so requires, shall have all the powers and obligations of a licensee under this Act ; provided that ordinarily nothing in sections 3 to 11, Sub-Section (2) and (3) of Section 21, 22, 23 and 27, or clauses I to XII of the Schedule thereto relating to the duties and obligations of licensee shall apply to that Govt.	

(iii) Provided further where a State Elect. Board constituted under Section (5) of the E. (S). Act, 1948 and any other statutory body created under an Act of Parliament authorised for the purpose engages to supply energy, the State or Central Govt. as the case may be, may, where in their opinion public interest so requires except from such other or any sections of this Act ; such exemption shall be in addition to exemptions granted in the Act under which the statutory bodies are constituted.

COMMENTS :

(i) The CW &PC's proposed amendment would place the State Govt., where engaged in the electricity supply, to the position of State Electricity Boards. So far as the Madhya Pradesh is concerned, as Electricity Board has been formed, it is for other Govts. to comment.

(ii) However, the Board in actual working has experienced difficulties ; it must have all the discretionary powers of the Govt. in the electricity supply. It can be done only by amendment of both the I.E. Act, 1910 and Supply Act, 1948. The redraft suggested is in respect of the I.E. Act of 1910. For consideration.

State participation to-day in the Electricity Supply Industry is not out of business motive ; it is a development measure to provide this essential commodity to the public.

In doing so it has to regulate the rates of supply in such a manner as to be economic to the class of consumers it proposes to secure and results in the desired development. While no descrimination is shown within each class, the rates as between classes for the same demand and consumption can be different.

Secondly, the Govt. in the interests of better utilisation of power and power availability, may have to regulate the supply, impose controls and do all acts necessary.

The Govt. in its efforts to promote the mos' economical construction, can take calculated risks and regulate the quality of supply.

Where Boards are constituted with a statutory charges to promote electrical development, Boards become an administration agency to discharge a particular sanction of the Govt. Hence they must have necessary discretions and powers for the purposes

It is not considered as undue preference.

It would not be advisable to relax the provisions of Section 18 relating to the methods of construction and section 21(1) relating to the licensee's controlling or interfering with the use of energy by the consumer as it is necessary, in the interest of safety to life and property, that the methods of construction adopted by the Board and the State Government are consistent with the provisions of the I.E. rules which, according to the provisions of clauses (f) and (h) of Section 37(2), the State Governments are also required to comply. Similarly, the State Electricity Boards and the State Governments should not be empowered to interfere or control with the use of energy. But in emergencies the State Electricity Board may approach the State Governments for enacting emergency legislation when necessary, under the powers vested in them.

This suggestion may not be accepted.

1	2	3	4	5	6
				where not so provided, the Govt. of the State must be able to correct this. The revised text aims at this. As regards the exempting Sections 18 and 21(i) should be added both in respective of Govt. [as well as to the Boards and necessary consequential amendments to the (Supply) Act is necessary; withoutexe mption from section 21(i) the Govt. or the Board cannot resort to load—spreading, load shedding and impose controls where this becomes necessary ; and experience indicates such power is necessary both to the Govt. and the Boards. Apart from section 21(i), a new section for the purpose is proposed to be introduced. REMARKS : Electricity to-day is more and more to necessitate the State Govt. in providing this commodity has to ensure that it is available to all at rates conomic to their needs ; may have to impose conditions in public interests for the most profitable utilization of power. Govt. case is nothing against public interests ; the same is expected of the various statutory bodies. Subject to the foregoing, the consumers are given all protections against discrimination or interference. The argument of CWPC viewed in this context is thus incorrect. (any objection has to be by the Central Govt.) Electricity is a concurrent subject : The I.E. Act contemplates operation by local bodies and grant of licenses to others for definite perods Sanction is also given but usually is expected tio be converted to licensee. Govt. is not bound by the Act; it is not a licensee. It obtains protection against offences to its property in the Electricity Department as a Govt. property. It can recover its dues as arrears of land revenue. It can prescribe and regulate its operations in the Electricity Department by its own conditions which can be at variance with the I.E. Act. Usually Govt. does not impose on itself to the maximum	

				extent, the obligation of a licensee and has even been liberal. Where statutory bodies are created, they cease to be Govt. Till this is corrected by suitable amendment, necessary powers and protection have to be given to them. Hence Section 26, which declares them as a licensee and gives them these essential protections. If we declare Govt. Department as a licensee which in effect will be the case now there can be a confusion; and Govt. will lose that essential discretionary power. *The Secretary to Govt. of U.P., Power (B) Deptt., Lucknow.*	
30	6	2(h)	Please see Serial No. 22.	It is proposed to give the State Govt. (a) all the powers; and (b) all the obligations of a licensee where the Govt. engages itself in the business of electricity supply. The State Govt. under the existing powers have been supplying energy for more than 25 years and no difficulties have arisen for want of any further powers. No special advantage can be derived from the proposal now made which appears to be unnecessary. As regards the obligations of a licensee, these are, in general, a satisfactory supply of energy at rates approved by the Govt., compliance with the prescribed financial princples, and liability to penalties on conviction after prosecution by Govt. for certain acts prescribed in the Act. In so far as prosecution by Govt. is concerned, the responsibility for the administration of the Act rests upon State Govts. It is for the State Govt., thereforie to consider what action it shall take when public interest suffers by any default on the part of the authority making a supply of energy. If that authority is a licensee, that action may be prosecution under powers already vested in the Govt. because penalty can be imposed only after conviction. But if the authority supplying electricity is an officer of the Govt., the matter can be settled much more effectively and expeditiously by the issue of an executive order to the officer concerned and prosecution in such a case would be totally repugnant to the principles of administration. As regards prosecution by an aggrieved person as provided for under Section 50 of the I.E. Act, 1910, the amendment now proposed does not in any way alter the position. The Govt. when engaging	There is no point in making a provision whereby certain licensees' obligations are imposed on the State Govt. without making a provision for ensuring that such obligations are efficiently and properly discharged. This suggestion may not be accepted.

1	2	3	4	5	6
				in the business of electricity supply, do not on that account, cease to be Govt. or forfeit any of its right or become relieved of its responsibilities to the legislature and to the public. Its revenue from the supply of electricity is as much revenue of the State as that derived from any other source, such as, Irrigation, Forests or other taxes. Apart from the aforesaid obligations of a licensee, there are a number of other obligations which a licensee has to fulfil under the supervision and control of the State Govt. The main reason for these obligations is the protection of public interest by ensuring that a private licensee in his quest for profit does not adversely affect public interest. A State Govt. does not engage in the business of electricity supply on the considerations which guide a licensee. The imposition of the obligations of a licensee on a State Govt. is likely to create complications in the public sector of electricity supply. The State Govt. are, therefore, strongly opposed to this amendment.	
				The Secretary to the Govt. of Bihar, Electricity Deptt., Ranchi.	
31	Do.		Do.	The additional paras suggested with regard to the powers and obligations of the State Govt. when it engages in the business of supplying electricity do not seem to be appropriate under the definition of licensee. So it is suggested that the additional paras are not necessary. If it is intended to make specific provision in the Act with regard to the rights and obligations of the State Govt., it may be done by a suitable provision under Part III.	Vide remarks against Serial Nos. 8 and 27.
32	Do.		Do.	*The Secy. to Govt. of Mysore, Electrical Deptt., Bangalore* The second paragraph of section 2(h) is liable to lead to serious anomalies as penalties by way of fine etc. could be imposed under certain Sections of the Act and it could obviously not be the intention in proposing the amendment to the Act to make the State Govt. subject to such penalties. The following amendment should, therefore, be deleted.	Vide remarks against Serial No. 30

				"Where the State Government itself engages in the business of supplying energy, it shall have all the powers and obligations of a licensee under this Act". *The Secy. to Govt. of Andhra, P.W. & Transport Deptt., Kurnool.*	
33	6	2(h)	Please see Serial No. 22.	The State Govt. are not at present bound by the provisions of the I.E. Act, 1910, except to the limited extent provided in sections 30(3), 37(3), and 49 of that Act. The State Govt. as administrators of the Act, have always in their object the public interests. They are given power to grant and revoke licenses and to see that the provisions of the I.E. Act are carefully enforced. The reduction of the State Govt. to the position of a licensee may be anamolous. At present in this State, the Chief Engineer (Electricity) himself is the Electrical Inspector in respect of works under his control. If as proposed certain powers and obligations of a licensee are imposed on the State Govt., it may, then, be necessary to appoint an independent Electric Inspector to approve the works of the Electricity Department. In the circumstances it is undersirable to make the proposed amendment which seeks to reduce the State Govt. to the position of other licensees.	Vide remarks against Serial No. 30.
33A	Do.	Do.	Do.	*The Secy. to Govt. of Madras, P.W.D., Madras.* At present, the provisions of I.E. Act do not apply to the State Govt. in respect of the working of their electrical undertakings except to the limited extent to which it is specifically provided for in the Act that it applies to the State Govt., e.g. Sections 30(3) and 37(3) of the Act. Though sections 12 to 19 of the I.E. Act are not operative in respect of State owned electrical undertakings, since the Electricity Dept. of the State is not a licensee, under section 51 of that Act the powers of Telegraph Authority, which are wider in scope than the power conferred on licensees by section 12 to 19 of the Act, have been vested in the Elect. Dept. of this Govt. and the relation between the State and the local authority in this State is suitably regulated. The Elec. Dept. of this Govt. has not experienced any difficulty in exercising any powers under the provisions of the I.E. Act applicable to it. Further, this Govt. are not in favour of the formation of a S.E.B. in this State, as envisaged under the Supply Act. They	There is no reason why the relationship between a Govt. Electricity Supply Department and its consumers should remain undefined. Such a position is not equitable to the consumers. As regards the Madras Govt. not being in favour of the formation of the State Electricity Board in its State or empowering itself to exercise the powers and discharge the functions of the Board, this is a matter which comes within the purview of the provisions of the Electricity (Supply) Act. This suggestion may not be accepted

1	2	3	4	5	6
				are also opposed to the idea of empowering the State Govt. themselves to exercise the powers of the S.E.B., where no such Boards have been formed. Several representations in this regard have already been made by this Govt. to the Govt. of India and the latest communication addressed by this Govt. to the Min. of I. & P. in this behalf in their letter No. 3029-E/I/48-56PW dt. 16/12/52 is now under the consideration of that Ministry. In the circumstances, this Govt. are unable to agree to the proposed amendment, which would have the effect of reducing the State Govt. to the position of a licensee, and suggest that section 2(h) of the Act may be allowed to stand as it is. *The Secretary to Govt. Punjab P.W.D., Electricity Branch, Chandigarh.*	
33B	Do.	Do.	Do.	The Punjab Government are not in favour of the formation of the State Electricity Board in this State as required under the Electricity (Supply) Act, 1948. This Government are also opposed to the idea of empowering the State Govt. to exercise the powers of the State Electricity Board, as the proposed amendment would reduce the State Govt. to the position of a licensee, which is not acceptable. *Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.*	Vide remarks against serial No. 24.
34		2(i)	Definitions— *** (i) "main" means any electric supply-line through which energy is, or is intended to be supplied by a licensee to the public ;	In lines 3 and 4, delete the words "by a licensee to the public".	The words "by a licensee" occurring in line 3 may be deleted. The words "to the public" are necessary otherwise any electric supply line even on private premises could be considered as mains for the purpose of the Act.
35	2(i) (a). new			There is need for clarification of the definitions of the terms "owner", "occupier" and "consumer" in the Act. For explanation, see Item No. 60, Clause V(1)(a) of the Schedule. The following definitions may also be added :— "owner" means a person other than a licensee or non-licensee or other person, generating, transmitting, converting, distributing and supplying energy, but the owner of the premises or apparatus where energy is used by him or his tenants or employees.	There is no need to define the words "owner" and "occupier" as these have the ordinary dictionary meaning or the meaning with reference to the context. This suggestion may not be accepted.

36	Do. (b) new	Do.		"occupier" means the owner or the person in possession of the premises where energy is used by him or his tenants or employees.	Vide remarks against serial No. 35.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
37	..	2(i) & 2(1)	Definitions— *** Please see serial No. 34. "service-line" means any electric supply-line through which energy is, or is intended to be, supplied by a licensee— (*i*) to a single consumer either from a distributing main or immediately from the licensee's premises, or (*ii*) from a distributing main to a group of consumers on the same premises or on adjoining premises supplied from the same point of the distributing main ;	It seems desirable that the scope of the definitions of "main" and "service line" is extended to cover mains and service lines of non-licensees and other suppliers of energy as well, particularly of the former.	This suggestion may be accepted and the words "by a licensee" occurring in Section 2(1)(i) may be deleted.
				Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.	
38	..	2(k)	2. Definitions— *** (*k*) "public lamp" means an electric lamp used for the lighting of any street ;	This definition is intended to exclude lamps in private roads, gardens, etc. maintained by owners of premises or land. This may be redrafted as follows :— "public lamp" means an electric lamp used for lighting of any street maintained by a local authority or Government.	In view of the definition of the word "street" given in Section 2(m) redrafting of Section 2(k) as proposed is not necessary. This suggestion may not be accepted.
39	..	2(1)	(1) "service-line" means any electric supply-line through which energy is, or is intended to be supplied by a licensee— (*i*) to a single consumer either from a distributing main or immediately from the licensee's premises, or (*ii*) from a distributing main to a group of consumers on the	It is considered necessary to lay down clear definitions of service line, multiple service lines, distributing line and sub-distributing line. For explanation, see Item 60, Clause V(1)(a). "service line" means that portion of any electric supply line exclusively reserved for supply of electricity to any owner, occupier or consumer, either from a distributing main or a sub-distributing main or immediately from the licensee's premises. Also add under this definition the following new definition :	In view of the remarks against Serial No. 12 this suggestion may not be accepted.

1	2	3	4	5	6
			same premises or on adjoining premises supplied from the same point of the distributing main ;	"multiple service lines" means any electric supply lines through which energy is or is intended to be supplied to a small group of consumers on the same premises or on adjoining premises from the same point of the distributing main or sub-distributing main.	
			2. Definitions—	*Shri T. S. Rao, Chief Engineer, B.E.S & T. undertaking, Bombay.*	
40	..	2(m)	(*m*) "street" includes any way, road, lane, square, court, alley, passage or open space, whether a thoroughfare or not, over which the public have a right of way, and also the roadway and footway over any public bridge or cause way.	*Line 2 :* The word "open space" is too wide a term and may mean anywhere within the area of supply. It is, therefore, necessary to limit the definition of the term "street". In this line, substitute the words "or open space whether a thoroughfare or not over which the public have a right of way" by the words "thoroughfare or public passage".	The expression "open space" means open space over which the public have a right of way. Therefore, no further clarification is required. This suggestion may not be accepted.
41	..	2(m) (i) new		The term "supplier" excludes licensees and non-licensees who are definitely engaged in the business of supplying electricity, but includes all other suppliers of electricity authorised to do so and to whom the provisions of Part III of the Act apply. Add the following as 2(m)(i) : "supplier" means a person not primarily engaged in the business of supplying electricity, but authorised to do so and to whom the provisions of Part III apply.	The word "supplier" has, no where, been used without qualifying it throughout the Act. This suggestion may not be accepted.
42	7	2(n)	*"works" includes electric supply lines and any buildings, *plant*, machinery or apparatus required *** *for the purposes of supplying* energy *by a licensee, non-licensee or other supplier of energy engaged in the business of* supplying *energy* and to carry into effect the objects of the****Act* ;	The deletion of the words suggested will extend the scope of the definition to licensees, non-licensees and other suppliers of energy. In line 5, delete the words "engaged in the business of supplying energy".	The words "engaged in the business of supplying energy" are necessary so as to exclude persons who, although supply energy, but are not engaged in the business of supplying energy as such. This suggestion may not be accepted.
43	7	2(n)	Please see serial No. 42.	*Under Secy. to Govt. of Orissa, Works Deptt. Bhubaneswar.* The word "carefully" may be inserted between the words "energy" and "engaged".	This suggestion is not understood. Probably it refers to the word, "lawfully".

				The Secy. to Govt. of Andhra. P. W. & Transport Deptt., Kurnool.	In view of the remarks against Serial No. 10 this suggestion may not be accepted.
44	Do.	Do.	Do.	It is unnecessary to refer to both "plant" and "machinery and apparatus".	The word "plant" means fixtures, implement, machinery and apparatus used in carrying on any industrial process. Thus, the use of the word "plant" is necessary along with the word "machinery" to include any other machinery without any fixtures etc.
				The Secy. to Govt. of Madras, P.W.D., Madras.	This suggestion may not be accepted.
44A	Do.	Do.	Do.	The words "a licensee, non-licensee or other supplier of energy engaged in the business of supplying energy", occurring in the proposed revised definition may be replaced by the words, "a licensee or any other public supplier of electricity" to be in accord with the rewording of draft section 2(c) suggested by this Govt. against the proposed revised section No. 2(c)—serial No. 11A.	In view of the remarks against Serial No. 11A, this suggestion may not be accepted.
				The Secy. to Govt. Punjab. P.W.D., Electricity Branch, Chandigarh.:	
44A-1	Do.	Do.	Do.	It would be more appropriate to substitute "and" for "or" appearing between the words "machinery" and "apparatus" in line 2 of the definition.	The word "or" is more appropriate and is in accordance with the existing text. This suggestion may not be accepted.
44B	9	New Definition	*'date of vesting' means the date on which the undertaking, or any asset forming part thereof, of a licensee vests in the State Electricity Board, the State Government or a purchaser as the case may be.*	*The Secy. to Govt. of Madras, P. W. D., Madras.* This Govt. do not consider it desirable to have the words "any asset" in the proposed definition, since what should pass over under section 7 of the Act will be all the assets. This can be the entire works or the power house alone being excluded, as provided for in some licences. In the circumstances, this Govt. would suggest that the proposed definition may be recast as follows:— "date of vesting" means, the date on which the undertaking or part thereof of a licensee vests in the State Electricity Board, the State Government or a purchaser, as the case may be".	This suggestion may be accepted.
44C	..	New Definition.	..	*The Secy. to Govt.: Punjab, P.W.D., Electricity Branch.* The term "Reasonable Return" may also be defined in this Act.	*Vide* remarks against Serial No. 45.
				The Bengal Chamber of Commerce & Industry, Calcutta, Chandigarh.	
45	..	New Definition	..	It is suggested that the expression "Reasonable Return" should be specifically defined here. The expression "Reasonable Return" in terms of the 1910 Act has an entirely different meaning from the definition in	To avoid confusion between the Reasonable Return as required under the 1910 Act and that required under the 1948 Act, it is proposed to delete the word "reasonable" wherever

1	2	3	4	5	6
				the 1948 Act. To avoid confusion, therefore, "Reasonable Return" should be defined as hereinafter suggested, while commenting on Clause VI of the Schedule to the Act.	it occurs in the 1910 Act, *vide* amendments proposed by the Board to section 22, clauses V(1) (a) and VI(1)(a).
46		...	Part II Heading	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.* It is desirable to amplify the heading to indicate its scope. The heading may be altered to read as: "Supply, Transmission, Distribution and Use of Energy by Licensees".	The provisions in sections 3 to 27 (Part II of the Act) relate to the matters concerning supply of energy, and the word "supply" includes transmission and distribution as well. This suggestion may not be accepted.
47	12	3(2) a(ii)	Grant of licenses— * * * (2) In respect of every such license the grant thereof the following provisions shall have effect namely :— (a) any person applying for a license under this Part shall publish a notice of his application in the prescribed manner and with the prescribed particulars and the license shall not be granted— (*ii*) until in the case of an application for a license for an area, including the whole or any part of any cantonment fortress, arsenal, dockyard, *aerodrome* or camp or of any building or place in the occupation of the *Central* Government for ****defence* purposes, the State Government has ascertained that there is no objection to the grant of the license on the part of the ****Ministry of Defence*; *and*	*Shri T.S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.* In line 4, add : "communications, railway" between "dockyard" and "aerodrome". In line 6, before "defence" add : "communication, transport and". In lines 9/10, substitute the words "Ministry of Defence" by "Ministries of Communication, Transport and Defence".	It is necessary to consult the Ministry of Defence for security reasons in the case of areas such as cantonments, fortresses, arsenals, dockyards etc. occupied by them. Such security reasons do not exist in the case of the areas occupied by the Ministries of Communication, Transport, Railways, etc. This suggestion may not be accepted.
48	13	3(2) a(iii) new.	*without the consent of the State Electricity Board, where such*	The Secy. to the Govt. of West Bengal, Commerce & Industries Department, Mines & Power Branch. In view of the provisions for "consultation" in Section 70 of the E. (S). Act, 1948 this Government consider	Under Section 28, the State Government, before granting a sanction in a licensee's

			a Board has been constituted, unless the State Government considers tha tsuch consent has been unreasonably withheld.	that consent of the Board would be anomalous and unnecessary.	area, is required to secure the consent of the licensee unless it considers that such consent has been unreasonably withheld. There is no reason why, while granting a licence, the State Government should not be made to secure the consent of the Board, which, under Section 26 of the E. (S). Act, is the licensee for the whole of the State.
					The fact that no provision has been made in Section 3(2)(e) for the consent of the existing licensee while granting a parallel licence should not weigh in arriving at a decision in respect of the provision in question as the State Electricity Board is a Government sponsored licensee. Moreover the Board has been given wide powers to exercise control over the technical, financial and development policies of both the local authority and the non-local authority licensees. There should, therefore, be no objection to provide for the consent of the Board at the time of grant of licenses. If it is decided to provide for the consent of the Board, Section 70 of the E. (S), Act, 1948 will be required to be amended to line it up with this provision.
					This suggestion may not be accepted.
49	13	3(2)a(iii) new.		Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta. The reasons put forward for obtaining the consent of the State Electricity Board in the matter of granting a license do not appear to have much force as the requirements of section 70 of the Electricity (Supply) Act, 1948 provide for consultation only. The Secy. to the Govt. of West Bengal, Commerce & Industries Deptt., Mines and Power Branch.	Do.
50	14	3(2) d(i)	(d) a license under this Part— (i) may prescribe such terms as to the limits within which, and the conditions under which, the supply of energy is to be compulsory or permissive, *** and generally as to such matters as the State Government may think fit and	Not agreed to. This Govt. is inclined to oppose this amendment as they have been advised by their legal experts that the fixation of the maximum rates of supply is not inconsistent with the provisions of Section 57 and 58 along with the Sixth Schedule to the E.(S). Act, 1948. The retention of such a clause (as in the existing Act) is considered all the more urgent in order to simplify and standardise the method of charges of all Electricity undertakings in this State.	The Govt. of India have been advised that the incorporation of provisions relating to maximum charges in a licence would be inconsistent with the provisions of Section 57 and Paragraph I of the Sixth Schedule to the Electricity (Supply) Act, 1948. As regards the standardization of rates of supply for various classes of consumers and their relationship to the cost of producing it, this should best be left to the business prudence of the licensee who, no doubt, would take into account the cost of similar

1	2	3	4	5	6
				Even if it be argued that paragraph I of the Sixth Schedule to the E. (S). Act, 1948, empowers the licensees to raise or lower the rates for supply it does not take into consideration the important fact that the electricity is used for a good number of independent purposes and that the value of the service rendered by a given amount of electricity is rated differently bythe consumers according to the purposes for which it is used. It, will, thus, appear that charge for supply of electricity should bear some relation to the cost of producing it, but not necessarily the same relation for each kind of service, with the result that there are different classes of supply fo: which different rates charges are applicable *Shri T.S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.*	services available to the different classes of consumers from sources other than electricity while fixing his rates of supply. This suggestion may not be accepted.
51	14		Please see serial No. 50.	Although under the E.(S). Act 1948, a licensee is required to adjust his rates from time to time depending upon the results of the financial operation of the Undertaking, it is considered that too frequent a revision of the rates would be a source of ambarrassment to the consumers. Progress in the utilisation of electricity would be seriously hampered due to the fact that the industrialists or large consumers cannot go ahead with their plans of development when there is uncertainly in the rates which they have to pay ultimately. It is, therefore, suggested that the licensees should not be permitted to adjust their rates more frequently than at intervals of 12 months, and such rates should be approved by Govt. based upon the Govt. audit of the licensee's accounts. It is suggested that the words "and as to the limits of price to be charged in respect of the supply of energy" as provided in the Act may remain. *The Bengal Chamber of Commerce & Industry, Calcutta.*	As it would be very difficult for the licensee to determine the clear profit of a year during the currency of that year, he can adjust his rates only on the basis of the results of the financial operations of his undertaking during the previous financial year. Therefore, no licensee is likely to revise the rates more than once a year. This suggestion may not be accepted.
52	Do.		Do.	It is not considered that the mere omission of the words "and as to the limit of price to be charged in respect of the supply of energy" would be sufficiently definite. It is, therefore, suggested that before the word "generally" the following words should be added —"always excepting the limits of price to be charged for energy".	The State Government is not likely to prescribe conditions which would be inconsistent with the provisions of the I.E. Act or the E. (S). Act. Even if they were to do so, the licensee concerned could refer the matter to a court of law for a decision. This suggestion may not be accepted.

53	14	Do.	Please see serial No. 50	*The Secy. to Govt. of U.P., Power (B) Deptt., Lucknow.* The proposed amendment is consequential to the proposed deletion of clause XI from the Schedule to the I.E. Act, 1910 and in view of the comments against item 68, the State Govt. wouldsuggest that the existing provisions be allowed to stand. *M. P. Electricity Board, Nagpur.* May agree. The Board has a general charge under Section 18 of the (Supply) Act to promote electrical developments in the most efficient and economical manner particularly in areas not yet served or inadequately served by a licensee : Earlier it is suggested, consistent with the policy of progressive nationalisation, grant of new licenses should be an exception. Further, the option of purchase vests in the Board. Taking all these factors into consideration, even at the stage when Govt. prescribes the terms and conditions of the proposed license, the Boa d be consulted. Henee a small amend nent to improve the CWPC's draft is proposed. *PROPOSED TEXT :* Insert in line (1) between "presc ibe" and "such" the words "after consultation with the State Electricity Board where constituted". *REMARKS* The policy to-day is progressive total nationalisations. Some States have already achieved this; some other States are nearly doing so. The spread and supply of Electricity as well as the rates are not the outcome of pure commercial considerations. It is more and more directed by the policy and measures of economic development in the various States. The policy common in all States is not togrant any more new licenses ; and to acquire existing ones on the expiry of their terms. The policy in this State also is the same. Further licenses for all important towns have been given. There is very little scope for any new licenses. If this trend is recognised, provisions to grant new licenses will fall into disuse ; the sections relating to amendments, revocation and purchase alone are necessary for some time. Grant of sanctions under Part III is unsatisfactory both from the point of view of the sanction holders	*Vide* remarks against Serial No. 50.
54	Do.	Do.	Do.		
54					Under the provision of the proposed new Section 3(2)(a)(iii), the State Govt. is required to secure, the consent of the State Electricity Board for grant of licences. While requesting for the consent of the Board in respect of the grant of a licence, the State Govt. would, invariably, send a draft of the form in which it is proposed to issue the licence. This will enable the Board to suggest any modifications to the terms of the licence. The provision referred to above is, therefore, considered adequate to meet the suggestion. This suggestion may not be accepted. No doubt, with the Constitution of the State Electricity Boards, there will hardly be any scope for individual licences. How-

1	2	3	4	5	
				as well as the consumers. It is best with drawn. The existing sections do not give any protection to consumers against licensees suddenly going out of business-*e.g.* Itarsi Govt. disconnection of supply to Railways and other public places has no provision to compel him to continue in business or power to Government (or the Board) to take over management.	ever, the provisions for the grant of licenses must be incorporated to meet with situations where the Board is not able to extend its system in which case it would be necessary in the interest of the areas concerned to grant licences to other persons. This suggestion may not be accepted. The above reasons equally apply to the case of grant of sanctions. The provisions relating to the continuance of supply to public services are proposed to be incorporated in the new Section 4B. *Vide* Serial No. 87.
55	14	3(2)(*d*)(*i*)	Please see serial No. 50	The Secretary to Government of Andhra, P.W. & Transport Deptt., Kurnool. Though the provision of maxima charges in the licence is not in conformity with the provisions in the E.(S). Act, 1948, it would be desirable that such maxima rates continue to exist in the licences since it will be helpful to the prospective consumers when the draft license is published, to have an idea of the charges to be met by them. After the commencement of supply, the licensee will, however, be at liberty to exceed the maxima rates. It may, perhaps, be made clear in the licence that the maxima prescribed are subject to the provisions of sections 57 and 58 of, and the sixth Schedule to, the E. (S). Act, 1948.	Under Section 21(2) of the Act, the licensee is required to make conditions of supply with the sanction of the Govt. The rates of supply for the first year could be laid down in such conditions by the Govt. with the consent of the licensee. This suggestion may not be accepted.
		Do.	Do.	*The Secy. to Govt. of Madras, P. W. D., Madras.* It would seem better to revise the expression "the limits within which" occurring in the proposed draft section to read "the area within which" as otherwise there is the possibility of the word "limits" being construed to refer to the maximum and minimum limits for the price of energy, which is not the intention here.	The draft of this sub-section is borrowed from the existing sub-section, with the deletion of the words " and as to the limits of price to be charged in respect of the supply of energy. From the draft provision it is clear that the word "limits" refers to the area of supply, where the supply of energy is to be compulsory or permisive and not to the price to be charged for electricity. The provision is not, therefore likely to be mis-construed as referring to the limits for the price of energy. This suggestion may not be accepted.

			Grant of licenses.— * * *	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.*	
56	..	3(2 e).	(2) In respect of every such license and the grant thereof the following provisions shall have effect, namely :— * * * * (*e*) the grant of a license under this Part for any purpose shall not, in any way hinder or restrict the grant of a license to another person within the same area of supply for a like purpose ; * * * *	The grant of licenses to more than one person for giving direct supply to consumers in the same area results in national loss, owing to duplication of capital expenditure on the provision of separate and distinct distribution substations, overhead or underground mains, etc. required to meet the demands of the respective consumers. Further, both the licensees would often have to erect and maintain overhead lines or break up and lay cables in the same streets, thereby causing inconvenience to the public and limiting the space available in the streets for other utility services. It is suggested that sub-section 3(2)(e) under the existing Act empowering Govt. to gant a licence to another person within the same arer of supply for a like purpose, be deleted a On the other hand the supply of energy by a single licensee in any area of supply results in the co-ordinated development and economy in the maximum utilisation of available plant and mains and provision of minimum standby plant and distribution mains by taking advantage of the diversity of loads on the system as well as uniformity in the matter of tariff terms and conditions of supply and efficient service to various consumers.	Under Section 26 of the E.(S). Act, 1948, the Board has the licence for the whole of the area of a State. Under the proviso to Section 26, *ibid*, the Board is exempted from compliance with certain provisions of the 1910 Act. Besides other provisions the above exemptions includee exemption from the provisions of Clauses V and VI of the Schedule to the Act, whereby the Board can decline to comply with a requisition. The above exemption appears to have been granted with a view to give necessary protection to the Board as it may not sometimes be possible for the Board to comply with requisition due to technical and economic reasons. It is possible that in several cases a licensee may like to serve an area which the Board has, for certain reasons not considered advisible to serve. It is, therefore, necessary to retain the provisions for the grant of parallel licences. This suggestion may not be accepted.
57	..	3(2)(e)	Please see serial No. 56.	*The Bengal Chamber of Commerce & Industry, Calcutta.* It is suggested that this provision is now archaic and that the whole sub-clause should be omitted. *Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.*	This suggestion may not be accepted
58	15	4	Revocation **** of licenses—	It is considered that revocations should follow the amendment of licences, and not precede the same. It is suggested that the heading : "4—Revocation of Licences" should be shown as "4—A—Revocation of Licences". Similarly, the heading "4A - Alteration or Amendment of Licences" should be shown as "4—Alteration or Amendment of Licences." The Secretary to Govt. of Travancore-Cochin, P.W. & Communications Department (Elec. Section), Trivandrum.	This suggestion may be accepted.
59	16	4(1)	(1) The State Government may, if in its opinion the public interest so requires, revoke a	According to the proposed provision it becomes obligatory on the part of the State Govt. to consult the Board before revoking a license. The reasons	

1	2	3	4	5	6
			license *after consulting the State Electricity Board where such a Board has been constituted* in any of the following cases, namely :—	given in support of the provision are that under Section 71 of the E. (S). Act the right or option to purchase the undertaking of a licensee on revocation vests with the Electricity Board and that it is possible that the Board may not be in a position to purchase the undertaking on revocation of the license. Section 71 of the Supply Act does not provide that a license can be cancelled only if the Board is in a position to purchase the undertaking. On the other hand the revocation of a license is to be effected when public interest so requires. Hence when Govt. are of opinion that public interest requires the revocation they cannot put off or drop the question even if the Board is not in a position to purchase the undertaking. The question whether the Board can or cannot purchase an undertaking is, therefore not relevant in deciding as to whether a particular license is to be revoked or not. Of course, when the State Govt. decide to revoke a license the Board has to be intimated so as to enable it to exercise its right to purchase the undertaking as provided in Section 71 of the Supply Act. It is therefore, not necessary to make it obligatory on the part of the State Govt. to consult the Board in deciding whether a license is to be cancelled or not. The State Govt. may seek the advice of the Board in such matters. Necessary modification may therefore, be made in the proposed amendment. Office of the Chief Electic Inspector, Govt. of West Bengal Calcutta.	Under the provisions of the E. (S). Act, the Board has been given wide powers for exercising control over technical, financial and development operations of a licensee. The Board is, therefore, expected to know about the true state of affairs of the licensee and hence it is in a better position to advise the Govt. whether the licence should or should not be revoked. This suggestion may not be accepted.
60	16	4(1)	Do.	(1) When in the opinion of the State Govt. the public interest will really require revocation of a licence, there can reasonably be no other alternative but to revoke the license. No State Govt. should ignore public interest, nor should it overlook a serious default on the part of a licensee. Consultation with the State Electricity Board in such matters is not, therefore, a matter of importance, and in fact it may not even be desirable. (2) As the supply undertaking may also go in the hands of "any other person" in accordance with section	(1) *Vide* remarks against Serial No. 59. (2) It has not been indicated in what respect the interests of the Ministry of Defence are affected by the revocation of the licence and the change in the ownership of the undertaking. This suggestion may not be accepted.

				5(c) of the I.E. Act and as the interest of the Defence Department may be affected due to change of hands, it is considered that Ministry of Defence should also be consulted where such Department is concerned.	
				The Federation of Electricity Undertakings of India Bombay.	
61.	17	4(1) (d)	(d) Where,*** in the opinion of the State *Government, the financial position of the licensee is such that he is* unable, **** fully and efficiently to discharge the duties and obligations imposed on him by his license.	The words "in the opinion of the State Government" should be omitted. The licensee is entitled to the protection of the Courts, and such a serious decision cannot be left in the hands of Departmental Officers. It is also suggested that after the word "unable" the words "after receiving all reasonable financial assistance from the State "Electricity Board" should be added. This would focus attention on the important statutory duty vested in a Board, namely, rendering financial assistance to licensees.	If the decision in respect of revocation of a licence were to be left to a court of law it would take considerable time to arrive at a decision. Such delays would not be in the interests of either the licensee or his consumers. It is only reasonable that the authority which is vested with the power to grant licence should have the power to cancel or revoke it. This suggestion may not be accepted. Under the provisions of Section 23(1) of the E. (S). Act, the option to give or not to give the financial assistance to a licensee is vested in the Board. The suggestion to insert the words "after receiving all reasonable financial assistance from the State Electricity Board," may not be accepted.
				Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking Bombay.	
62	Do.	Do.	Do.	In line (1), substitute "where in the opinion of the State Government" by "where the State Government is satisfied that".	Just as the "opinion" of a person or a Govt. may not be free from error, so can "satisfaction' of a person or a Govt. not be free from error. The provision, as proposed in the draft, would eliminate the possibility of the State Govt. being dragged into a court of a law in respect of the decision. This suggestion may not be accepted.
63.	Do.	Do.	Do.	The *Bengal Chamber of Commerce & Industry, Calcutta.* This proposal is unacceptable. The licensee is entitled to the protection of the Courts and such a serious decision as revocation of a licence cannot be left in the hands of Govt. Departmental Officers. The Central Water & Power Commission and the Ministry of Irrigation and Power have already shown a lack of appreciation of the financial difficulties, such as those associated with the raising of new capital, under which licensees are at present endeavouring	*Vide* serial No. 62.

1	2	3	4	5	6
				to operate. Hence, it is all the more vital that the fullest measure of protection should be afforded to licensees. Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta. An opinion is not always free from error and an action as a result of the decision based on an opinion is perhaps not debarred from being challenged in a Court of Law. The proposed amendment instead of bringing about an easy solution of difficulties as assumed, may put the State Govt. in difficult position.	Vide Serial No. 62
64	Do.	Do.	Do.		
64A	Do.	Do.	Do.	*The Secy. to Govt. Punjab, P.W.D., Electricity Branch, Chandigarh.* It would be preferable if the words "in the opinion of the State Government" are omitted and are replaced by the words "where the State Government is satisfied that". *The Federation of Electricity Undertakings of India, Bombay.*	Do.
65	18	4(1)(e) new	(1) The State Government may, if in its opinion the public interest so requires, revoke a license *after consulting the State Electricity Board where such a Board has been constituted* in any of the following cases, namely :— * * * * (e) *Where the licensee has made an application to the State Government that he is not able to discharge the duties and obligations imposed on him by his license.* *Provided that, no license shall be revoked under clauses (a),(b) (c) or (d) of this sub-section unless the State Government has first given to the licensee at least three months' notice of its intention to revoke the license*	This should not be subject to Government's option under Clause 4(1). Where licensees make application to a State Government it should be compulsory for the latter to revoke the license. The period of three months under this proviso is too short. It should be six months.	Whenever a licensee wants his licence to be revoked, the State Government cannot force him to continue with it. The question of refusal of the Government to revoke a licence when the licensee has requested for its revocation does not, therefore, arise. The three-months period is given to the licensee for enabling him to satisfy Govt., that he is taking action which will not call for revocation of his licence. This period is considered adequate. This suggestion to increase it to six months, may not be accepted.

			stating the grounds therefor and has considered any cause shown by the licensee against the proposed revocation.		
				Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.	
66	18	4(1)(e)	Please see serial No. 65.	*Line 4 of the proviso.* It is considered that the time limit of three months is too short a period, particularly if it is intended to serve as a warning to the licensee to improve the affairs of the Undertaking. In fixing the terms and conditions for revocation of licence for "any part of the area of supply", the interests of the consumers to get a regular and sufficient supply of energy, should be safeguarded. There should be no case where the consumers are denied the continuance of electric supply as a result of revocation. Also substitute the words "three months" by "six months".	Para (1)—*Vide* remarks against Serial No. 65 Para (2)—As regards ensuring a regular and sufficient supply of energy to the consumers of the part of the area of supply of which the licence is revoked, this will depend upon the circumstances under which the licence is revoked. This suggestion may not be accepted.
				The Secretary to the Govt. of West Bengal, Commerce & Industries Department, Mines & Power Branch.	
67	Do.	Do.	Do.	While supporting this amendment this Govt. should like to observe that the period of three months notice as suggested in the proviso seems too long as sometimes owing to the precipitation of a crisis State Government have to revoke a license at much shorter notice. It is, therefore, suggested that the maximum time limit should be fixed at two months.	The period of 3 months is considered reasonable and its reduction to 2 months may not be accepted. Also see remarks against serial No. 65.
				The Secretary to Govt. of U.P. Power (B) Deptt., Lucknow.	
68	Do.	Do.	Do.	As Govt have already powers under the existing provisions to revoke a license when this is considered necessary, the State Govt. are of the view that the proposed amendment is unnecessary and may create complications.	The complications which the proposed amendments would create have not been indicated. This suggestion may not be accepted.
				The Secy. to the Govt. of Bihar, Elec . Deptt., Ranchi.	
69	Do.	Do.	Do.	This new sub-section seems to be unnecessary as revocation on application by or with the consent of the licensee is provided under the existing sub-section (3) (a) or the new section 4(2) The proviso proposed is, however, acceptable for the reasons stated.	This suggestion may be accepted and Clause (e) deleted.

1	2	3	4	5	6
70	..	New after 4 (1)		*M. P. Elec. Bd. and Govt. of M. P., Elec. Deptt. for 4 (1) (a)(ii) only.* A licensee can wilfully fail to carry out a direction by the Board under Sec. 55 of the Supply Act, the two Acts are complementary, and failure to carry out such direction where it is against public interest, Govt. should have the power to revoke the licence. Secondly, there are instances where in public interests, Govt. have to issue directions to carry out certain essential repairs or additions or modifications to plant but the licensee has failed or is unwilling to carry out the same. In such cases Govt. must have powers to compel a licensee to carry out the same and failure to do so, should be sufficient cause to revoke the licence. Hence the scope of section 4 (a) is to be enlarged by redrafting the same. PROPOSED TEXT : Renumber existing subsection 4 (a) as 4(a)(i). Add the following : (ii) Where the licensee makes wilful or prolonged default in carrying out directions of the State Electricity Board issued under Section 5 of the E. (S). Act and in the opinion of the State Govt. revocation of the licensee without prejudice to penalties under Section 77 of the E. (S). Act is called for. (iii) Where no State Electricity Board is constituted, where the licensee in the opinion of the State Govt. makes wilful or prolonged default in carrying out the directions of the State Govt. issued for improving the supply or for any matter or thing for or under this Act. (iv) Where a licensee after having commenced supply ceases with or without notice to the Govt. such supply on whatsoever grounds for seven days or more and fails to resume the supply within fifteen days' notice by Govt. to so resume ; provided always without prejudices to Govt. to take over or direct the State	The State Government have adequate powers under Section 4 (1)(a) to revoke a licence in the event of the licensee making wilful and unreasonably prolonged default in the discharge of the obligations imposed on him under the Act or under his licence. If the Boards have any difficulty in this regard, they can, not only move the Government to revoke the licence, but also launch a prosecution against the licensee under Section 77 of the Electricity (Supply) Act for failure to comply with its order This suggestion may not be accepted. As regards handing over the management of an undertaking for the interim period to the State Electricity Board or to the State Government, etc., remarks against Serial No. 87 may be referred to.

				Electricity Board where constituted to take over the interim management of the undertaking at the expense of and for such period as the Govt. by order may direct. REMARKS : I have the cases of C. I. E. S. Co. Ltd., and the late Itarsi E. S. Co. Ltd. *The Federation of Electricity Undertakings of India, Bombay.*	
71	19	4 (3) (*a*) as 4(2)	(2) Where in its opinion the public interest so permits *or requires*, the State Government may, on ** application or with the consent of the licensee ****after consulting *the State Electricity Board where such a Board has been constituted, the Ministry of Defence*, if concerned, and if the licensee is not a local authority, the local authority (if any) concerned also revoke a license as to the whole or any part of the area of supply upon such terms and conditions as it thinks fit**.	The word " the " appears to be omitted after " on " and before " application ". *Shri T. S. Rao, Chief Engineer, B. E. S. & T. undertaking, Bombay.*	The omission may be corrected.
72	Do.	Do.	Do	In line 7, substitute the words " Ministry of Defence " by " Ministries of Communication, Transport and Defence ". *The Secy. to Govt. of Travancore-Cochin, P. W. & Communications Department (Elec. Section), Trivandrum.*	This suggestion may not be accepted in view of the remarks against Serial No. 47.
73	Do.	Do.	Do.	Under this provision also consultation with the Board has been proposed to be made obligatory. The reasons stated against the proposed provision under item No. 16 Section 4 (1) hold good in this case also. Necessary modification may be made so that it may not be obligatory on the part of the State Govt. to consult the Board in such cases.	This suggestion may not be accepted in vfew of the remarks against Serial No. 59.

1	2	3	4	5	6
74	19	4(3)(a) as 4(2) (Contd.)		*M. P. Electricity Board, Nagpur.* Under the I. E. Act, 1910 Consultation of the local authority is prescribed principally as the option of purchase is excerciseable by them. This no longer obtains. Consultation in the grant of licence has a meaning to fix the compulsory works. In the matter of amendments or revocation, such consultation or consideration is not always necessary. Hence reference to local authority in the draft may be modified. (The Govt. has to ensure as far as possible, continuance of supply even after revocation ; and where Electricity Board exists, it should assist the Board to automatically step in, where no Board is constituted, Govt. will take such other steps.) PROPOSED TEXT. Where in its opinion, the public interest so permits or *requires* the State Govt. may on application or with the consent of the licensee after consulting the State Electricity Board where such a Board has been constituted, the Ministry of Defence, if concerned and if the licensee is not a local authority, *where no Board is constituted for the State the local* authority (if any) concerned also revoke a licence as to the whole or any part of the area of supply upon such terms and conditions as it thinks fit.	The intention in providing for consultation with the local authority is to ensure that by the revocation of a licence *on the application of the licensee* the people living in the Local Authority's area are not deprived of public utility services such as lighting water supply, sewage, etc., which are dependent on electricity supply. It is also necessary to consult the Local Authority in respect of amendment as this may involve alteration in the area of supply. Further the Local Authority is the accredited representative of the people of the area.
75	20	4 (3) (*b*) as new 4A (1)	4A. Alteration or amendment of Licenses :— (1) Where in its opinion the public interest so **requires*, the State Government may, *after consulting the State Electricity Board where such a Board has been constituted* and the local authority (if any) concerned, if it is not a licensee, make such alterations or amendments in	*The Federation of Electricity Undertakings of India, Bombay.* There cannot validly be any unilateral alteration or amendment of a license already granted which forms the basis of a compact. It would be unconstitutional. If the clause goes in at all then, as the State Govt. may be an interested party, it is suggested that the words "the State Government considers that" be deleted from the Proviso so that the matter may be clearly justifiable, as it almost certainly will be in any case.	The provision in the proviso whereby the State Government is empowered to grant licence without the consent of the licensee if it considers that such consent has been unreasonably withheld, cannot be said to be unconstitutional or unilateral in the case of an existing licensee as the licensee is to be given the opportunity to place his view points in case he is averse to accord his

			the terms and conditions of a license, including the provisions specified in Section 3, sub-section (2), clause (*f*), as it thinks fit : *Provided that, such alterations or amendments shall not be made without the consent of the licensee unless the State Government considers that such consent has been unreasonably withheld.*	*Shri T. S. Rao, Chief Engineer, B. E. S. & T. undertaking, Bombay.*	consent to the proposed alterations or amendments to his licence. The State Government would take action in the matter only after due consideration of the views. The provision is anologous to that of the proviso to section 28 (1) of the Act. This suggestion may not be accepted. However, the views of the Ministry of Law in this respect have been called for.
76	20	4(3)(b) as new 4A(1)	Do.	In line 4 of the proviso, substitute " considers " by " is satisfied ". In line 5, at the end of the proviso, add " and the alterations and amendments are in the public interest ". *The Bengal Chamber of Commerce and Industry, Calcutta.*	Para (1)—Vide remarks against Serial No. 62. Para. (2)—The Suggestion is already covered. This suggestion may not be accepted.
77	Do.	Do. .	Do.	While the proposed section and proviso could clearly apply to licences granted after their enactment, the Chamber has grounds for believing that they will not be legally sustainable in respect of licences already in existence. The latter are, in essence, contracts between licensees and State Governments ; and the public interest notwithstanding, they cannot legally be amended by fresh enactments except with the consent of both parties. It is understood that amendments on similar lines were suggested when the 1910 Act was framed but they were dropped for similar reasons. A licensee is in the position of not being able to terminate his licence except with the approval of Govt. which may or may not be granted. This being so, it is clearly inequitable that he should be forced to accept amendments imposed by Govt., with which he may not agree, without being in a position to terminate the licence in a regular fashion if he so chose. It is proposed that State Governments should	Vide remarks against Sl. No. 75. From the Central Government record, it is found that provision similar to the proviso in question was not incorporated in I. E. Bill, 1910 as stated.

1	2	3	4	5	6
77	20	4(3)(b) as new 4A(1)—contd.		by the sole arbiters as to what is and what is not in the "public interest" and as to consent "unreasonably withheld". These are phrases notoriously subject to widely differing interpretations, and experience shows that such differences will occur state by state. Surely this will be contrary to Govts.' aims in recent years, the Electricity (Supply) Act, 1948, for example, having been introduced to provide among other objects "for the rationalisation of the production and supply of electricity". One may reasonably wonder whether the 1910 Act, or any amendment thereof, need contain so many of the provisions as to licences if State Governments are to be virtually free to amend licences as they wish, for many of the provisions are already permissive so far as State Govts. are concerned *e.g.* Section 3 (2) (*d*)(*i*)and the second proviso to Section 7 (1). The industry cannot see how the latter, where provided for in an existing licence, can properly be amended without the consent of the licensee. *Office of the Chief Electrical Inspector, Govt. of West Bengal, Calcutta.*	
78	20	4 (3) (*b*) as new 4A(1)	Please see Serial No. 75	The power of a State Govt. as envisaged in this modified section does not appear to be fair to licensees and perhaps goes beyond the law of equity. *The Secretary to Govt., P. W. D., Hyderabad (Deccan).*	Vide remarks against Serial No. 75.
79	Do.	Do.	Do.	As regards the proposed new clause 4A(1), Serial No. 20 of the statement, it is felt that the objection in view will be better attained, if the proposed proviso is deleted and the new clause 4A(1) is reworded as follows : "Where in its opinion the public interest so requires the State Govt. may consult the licensee and the local authority, if it is not a licensee, and then after obtaining the views of the State Electricity Board, where such a Board has been constituted, make such alteratations or amendments in the	It would not be equitable to a licensee to delete the provisions regarding his consent and/or the consideration of his views by the State Government when such consent is unreasonably withheld by him. This suggestion may not be accepted.

				terms and conditions of a license, including the provisions specified in Section (3), Sub-Section (2), clause (*f*) as it thinks fit.....". *Deputy Secretary to the Govt. of Bombay, P. W. D., Bombay-1.*	
80	Do.	Do.	[illegible]	The existing Section 4 provides for revocation as well as alterations or amendments of a license. These are two different actions. The Advisory Board has therefore, proposed to split up the Section into two sections—4 and 4A. Section 4 dealing with the revocation of a license and Section 4A with alterations and amendments to the license. As regards the proviso to the proposed Section 4A (1) is stated, that this provision is intended to give powers to the State Govt. to [illegible] ations or amendments in the license in the public interest even without the consent of the licensee, if the State Govt. considers that such consent has been unreasonably withheld. In this connection this Govt. considers that this proviso to new section 4A (1) of the Act provides for unilateral action by the State Govt., for any alteration or amendment of a license, without the consent of the licensee. Legality of such an action may be questionable in the case of the existing licensees. It is presumed that the Advisory Board has obtained legal opinion on this point. This Govt. has, however, no objection to the proviso if provision is made for arbitration of the CEA in case of difference of opinion between the State Govt. and the licensee. *M. P., Electricity Board, Nagpur.*	Vide remarks against Serial No. 7.
81	Do.	Do.	Please see Serial No. 75	*Alteration or amendment of licenses* : For reasons stated under item 19, reference to local authority has to be modified on the lines of section 4(3) The roposed proviso perhaps is necessary but is far too sweeping; a further proviso and notice appears necessary. O ED TEXT : Insert " *and where no board is constituted* in line 4 to read " ..... Where such a Board has been constituted *where no Board is constituted,* the local authority (if any) concerned.	Vide remarks against Serial Nos. 74 and 75.

1	2	3	4	5	6
				Insert a further proviso " Provided further that the State Govt. shall exercis this power (where such consent is not forthcoming or is unreasonably withheld) only after due notice of not less than one month to the licensee to hear representation if any.	
				M. P. Electricity Board and Govt. o M. P. Elec. Dept. Nagpur.	
82	21	4(2) as new 4A(2)	(2) Where the State Government might under sub-section (1) *of section* 4 revoke a license, it may, instead of revoking a license, permit it to remain in force subject to such terms and conditions as it thinks fit to impose and any further terms and conditions so imposed shall be binding upon, and be observed by the licensee, and shall be of like force and effect as if they were contained in the license.	For comments please see serial No. 54. PROPOSED TEXT. Insert " after consultation with the State Electricity Board where it is constituted " in line 5 after " subject " to read : " Permit to remain in force subject *after consultation with the State Electricity Board* where it is constituted subject to such terms and conditions as it thinks fit to impose	This suggestion may be accepted.
				The Secretary to Govt. of Travancore-Cochin, P. W. and Communications Department (Electricity Section), Trivandrum.	
83	22	New (*a*) 4A (3)	*If a licensee desires that any alterations or amendments should be made in the terms of his license *** he shall submit a written application to the *** State Government and *** shall publish a notice of his application*** in the prescribed manner and with the prescribed particulars.* (*b*) *If the alterations or amendments are in the nature of a change in the licensee's area of*	For the reason already stated the proposed provision may be so modified that it may not be obligatory to consult the Board in effecting alterations or amendments to a license.	As a State Electricity Board has the licence for the whole of the state, provisional consultation with the Board is necessary.* This suggestion may not be accepted.

			supply the State Govrenment shall not make any alterations or amendments to the license of a licensee— (*i*) *until all objections received by the State Government with reference thereto have been considered by it.* (*ii*) *until, in the case of an application involving alterations or amendments to an area including the whole or any part of any cantonment, fortress, arsena, aerodrome, dockyard, camp or of any building or place in the occupation of the Central Government for defence purposes, the State Government has ascertained that there is no objection to such alterations or amendments on the part of the Ministry of Defence ;* (*iii*) *without the consent of the State Electricity Board, where such a Board has been constituted unless the State Government considers that such consent has been unreasonably withheld.*		
				Shri T. S. Rao, Chief Engineer, B. E. S. & T. undertaking, Bombay.	
84	Do.		Do.	The reasons for the transfer of the existing Rule 24 (1 as new 4A (3) are not clear. Provision for amendment of the licence at the request of the licensee already exists under sub-clause (3) (*b*) of section 4 of the existing I. E. Act. If, however, it is desired to lay down the procedure to be followed in this respect in the Act, the procedure to be followed in respect of the main licence as given under Rules 15, 16, 17, 18, 19, 20, 21, 22, 23 and sub-clause (2) of 24 should also be incorporated in the Act itself.	The provisions in this sub-section borrowed mainly from Section 3 (2). This suggestion may not be accepted.

1	2	3	4	5	6
				Shri T. S. Rao Chief Engineer, B. E. S. & T., undertaking, Bombay.	
85	22	New 4A(3)(*b*)(*iii*)	Please see serial No. 83 .	In line 4, substitute " considers " by " is satisfied ".	*Vide* remarks against Serial No. 62.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	*Vide* remarks against Serial No. 83.
86	Do.	Do.	Do.	Consultation appears to be more than what is necessary in this matter, *vide* section 70 of the E. (S). Act, 1948.	
				The Federation of Electricity Undertakings of India, Bombay.	
87	23	New 4B	4B. *Power for Government to secure interim management of an undertaking in certain circumstances* : (1) *If in its opinion it is necessary in order to secure the continuance of the supply of energy to the public by an undertaking supplying energy under a license or a sanction under section 28, the State Government may—* (*a*) *by order in writing require the licensee or any person controlling the supply or any establishment or things ancillary thereto, to take or abstain from taking any action specified in the order, or* (*b*) *after giving notice in writing to the licensee or to any person controlling the supply or any establishment or things*	In the light of the Supreme Court's judgment in the Sholapur Mills Case the Federation considers this proposal to be unconstitutional. If the management of an undertaking is taken over, due compensation must be paid, and risk of management or any other risk accepted by the party taking over.	

ancillary thereto, or without such notice if such licensee or person has disobeyed or neglected to comply with an order made under clause (a), either itself take over the working of the undertaking or the control of the supply or of any establishment or things ancillary thereto, or make such other arrangement as may, in the opinion of the State Government be necessary to secure the continuance of the supply of energy to the public by the undertaking.

(2) *An order made under clause (a) of sub-section, shall specify the period for which it shall remain in force, and no such order shall remain in force for more than twelve months from the making thereof, nor shall the power conferred by clause (b) of sub-section (1) be exercised for more than twelve months on any one occasion.*

(3) *Whenever in exercise of the power conferred by clause (b) of sub-section (1) the State Government takes over the working of an undertaking or the control of the supply or of any establishment or things ancillary thereto, it shall carry on such working or control on behalf of the licensee or the non-licensee holding a sanction under section 28at his risk and expense, receiving all payments due in connection with the undertaking or the part thereof controlled as the case may be,*

The Ministry of Law who were consulted on this issue have opined that the proposed provisions of new Section 4B will be *ultra-vires* of the Constitution. With a view to ensure the continuance of supply to public utility services, however, they have advised the incorporation of the following provision which may be accepted :—

(*i*) Notwithstanding anything contained in this Act, or inthe Electricity (Supply) Act, 1948 (Act LIV of 1948) or any condition in the licence, or agreement for the supply of energy to the consumer, the provisions of this section shall be deemed to be conditions incorporated in the licence, on the breach of which the State Govt. is entitled to revoke the licence.

(*ii*) The licensee shall, upon requisition, supply in preference to the other consumers and in such order of priority *inter se,* as the Central Govt. may, by direction, prescribe, energy required by establishments within the licenced area, owned or maintained by the Central or the State Govt. for the purposes

1	2	3	4	5	6
			and rendering to the undertaking the balance, if any, of the net revenue derived therefrom. In the event of any loss accruing to the State Government on account of the working of the undertaking, the same shall be debited to the undertaking. (4) *Where any sum or sums are advanced by the State Government for the purpose of this section other than that for meeting the working expenses of the undertaking, the same shall, notwithstanding, the absence of the consent of the licensee or the non-licensee holding a sanction under section 28, be deemed to be a loan secured on the assets of the undertaking as a whole and be subject to such terms of repayment as the State Government may specify.*		of a railway or any other service notified by the Central Government to be public utility. (*iii*) In the event of any difference on the price or other conditions governing such supply, the licensee shall not be entitled to refuse the supply of energy to the establishment ; but such disputes shall be decided by alteration, the licensee and the establishment nominating one arbitrator eacn ; subject to their disagreement, if any, being resolved by an umpire appointed by the Central Government. (*iv*) In case the term of the agreement, if any, for such supply terminates, the licensee shall, unless otherwise, expressly required by the establishment, continue to supply energy under the same conditions as heretofore, subject to arbitration in the case of differences noted above. (*v*) The licensee shall not, in any event, be entitled to stop or reduce the supply of energy without either the consent of such establishment, or a written order of the Cenral Government.
				Bombay Chamber of Commerce, Bombay-1.	
88	23	New 4B	Do.	This section, in the opinion of the Chamber, offends against the judgment of the Supreme Court in the case of the Sholapur Mills.	*Vide* remarks against serial No. 87.
				Shri T. S.Rao, Chief Engineer, B. E. S. & T. Undertaking Bombay.	
89	Do.	Do.	Do.	It is desirable to amplify the meaning of " circumstances " as per the modifications suggested. In the heading after the words "in certain circumstances" add—" such as strikes, lock-outs, riots, civil commotion, etc. where public interest requires security of continuity of supply ".	Ditto.

				The Bengal Chamber of Commerce and Industry, Calcutta.	
90	Do.	Do.	Do.	This section gives arbitrary powers to the Government to take over the assets of a licensee presumably with a view to securing continuance of supply under certain circumstances. But in any emergency such an object can be fulfilled by an ordinance of the Governor so that the new proposals, which appear to be unconstitutional, are also quite unnecessary. It is considered that Government's present powers of revocation are adequate. If the public interest demands wider powers of revocation than already exist, then Government should put up a case, as undue interference in the day-to-day running of an undertaking is undesirable and not in the best interests of the public.	Ditto.
				Deputy Secretary to the Government of Bombay, P. W. D. Bombay-1.	
91	Do.	Do.	Do.	This section is provided to give powers to the State Govt. to secure interim management of an Electricity Undertaking in certain circumstances. It is stated that where either no sufficient grounds for revocation exist or where it is considered undesirable to have recourse to such drastic action the State Govt. should have power to secure interim management of an Undertaking at the risk and expenses of the licensee or the sanction holder pending final revocation and also to secure continuity of supply for short periods when it is endangered. In this connection this Government feels that in view of the Supreme Court's judgment in the case of Sholapur Mills, management of which was taken over by the State Govt. in public interest to prevent maladministration of the Mill, the legality of the proposed section dealing with taking over the interim management of an inefficient electric supply undertaking before the license is duly revoked requires to be examined thoroughly. It is presumed that this has been done by the Advisory Board. This Government also considers it desirable to make specific provision for the remuneration to Govt. agency although it may be implicit in the wording of the section.	Ditto.

1	2	3	4	5	6
				Office of the Chief Electrical Inspector, Govt. of West Bengal, Calcutta.	
92	Do.	Do.	Please see serial No. 87	The matter is clearly one of great concern to the licensees and assumption of such a drastic power by Government on licensees' costs may cause serious complications. If Government feel that such a provision is really necessary, it is felt that appointment of a committee for advising Government in such matters may be provided for.	*Vide* remarks against serial No. 87.
				Shri T. S. Rao, Chief Engineer, B. E. S. & T. undertaking, Bombay.	
93	23	New 4B(1) (*a*) & (*b*).	Do.	In line 1 of the Preamble substitute "in its opinion" by "the State Government is satisfied that". In line 2, clauses (*a*) and (*b*) after "person", add "any establishment", and in line 3, delete the words "or things ancillary thereto".	Ditto.
				M. P. Electricity Board, Nagpur.	
94	23	New 4B	Do.	This is an essential provision : (1) (*b*) : Perhaps the section may be amended to direct the State Electricity Board to take over the management. This appears to be necessary in view where Board is formed; it is only this body that can operate the undertaking and not the Government direct. If this is agreed, the section will be amended a follows :— 1. After giving notice in writing to the licensee or to any person controlling the supply or any establishment or things ancilliary thereto, or without such notice, if such licensee or person has disobeyed or neglected to comply with an order under clause (a) direct the State Electricity Board where it is constituted to take over and where it is not constituted either itself take over the working of the undertaking or the control of the supply or of any establishment or things ancillary thereto, or make such other arrangement as may, in the opinion of the State Govt. be necessary to secure the continuance of the supply of energy to the public by th undertaking; provided always the State Electricit	

				Board may make alternative arrangement for the working of the undertaking; PROPOSED TEXT : The alternative draft may be substituted.	
				The Secretary to Govt. of U. P., Power (B) Deptt., Lucknow.	
95	23	New 4B(2)	Please see serial No. 87	While communicating the views of the State Govt. on the first draft of the amendments, it was suggested that the period for which the State Govt. should have powers to secure interim management of an undertaking should be limited to one year. On reconsideration, the State Govt. feel that a longer period than 12 months would be necessary so that the purpose for which the management is taken over is fulfilled. In certain cases it may be necessary to replace existing plant or instal additional generating sets which may have to be ordered from abroad and the whole process of placing order, manufacture, transport and installation thereof may not be completed within a period of one year. The State Govt. would, accordingly, suggest that the period of interim management be limited to three years.	*Vide* remarks against serial No. 87.
				Shri T. S. Rao, Chief Engineer, B. E. S. & T. undertaking Bombay.	
96	New 4B(3)	.	Do.	In line 4, delete the words, "things ancilliary thereto."	Do.
				M. P. Electricity Board, and Govt. of M. P., Elec. Deptt., Nagpur.	
97	Do.	.	Do.	Agreed. Drafting change called for to expressly provide for cases where the management is entrusted by Government to other bodies; and to recover loss if any, including in extreme case of non-payment as an arrear of land *revenue.* PROPOSED TEXT: Whenever in exercise of the powers conferred by clause (*b*) of sub-section (1), the State Government takes over or *causes to* take over the working of an undertaking or the control of the supply or of any establishment or things ancilliary thereto, it shall carry on *and cause to carry on* such working or control on behalf of the licensee or the non-licensee holding a sanction under section 28 at his risks and expense	Do.

1	2	3	4	5	6
				receiving all payments due in connection with the undertaking or the part thereof controlled as the case may be and rendering to the undertaking this balance if any of the net revenue derived therefrom. In the event of any loss accruing, it shall be deemed as a loss accruing to the State Govt. and shall be debited to the undertaking and recovered within such time and in such manner as the State Government may prescribe in this behalf, always after taking into consideration sub-section (4) hereinafter contained without prejudice where it is called for to its recovery as an arrear of land revenue. REMARKS : In the case of proprietary concerns (and in some licensees the capital is nil *e.g.* C. I. E. S. Co. Ltd., where one undertaking works more than one *license*) power to recover as an arrear of land revenue gives priority over other mortgages and ensures recovery.	
98	23	New 14B (4)	Do. . . .	DRAFTING CHANGE : "Where any sum or sums are advanced by the State Govt. or with the prior consent of the State Govt. advanced by the person entrusted with the management of the undertaking for the purpose of this section the same shall notwithstanding the absence of the consent of the licensee or the non-licensee holding a sanction under Section 28, be deemed to be a loan secured on the assets of the undertaking as a whole, be subject to such terms of repayment as the State Govt. may specify. REMARKS : In the case of proprietary concerns, (and in some licensees the capital is nil *e.g.* C. I. E. S. Co. Ltd., where one undertaking works more than one license), power to recover as an arrear of land revenue gives priority over other mortgages and ensures recovery.	

				The Secy. to Govt. of Andhra, P. W. and Transport Dept., Kurnool.	
99	23	New 4B .	Please see serial No. 87.	It is proposed to give power to Govt. to secure interim management of an undertaking of a licensee or a sanctionee in certain circumstances. Sanctions under section 28 of the I. E. Act, 1910, are given for limited periods. The supply given by the sanctionee is almost invariably the surplus available from an existing plant mainly worked by the sanctionee for some other major purpose. If the management of the undertaking of a sanctionee is taken over by the Govt., it may result in the unsatisfactory working or collapse of the maini ndustry of the sanctionee. In the circumstances, the undertakings of sanctionees may be excluded from the scope of this provision. It has been provided that the management of the undertaking can be taken over by Govt. for not more than 12 months on any one occasion and that the loss if any, accruing to the Govt. on account of the working of the undertaking shall be debited to the undertaking. It may not be satisfactory for the Govt. to pass on to the undertaking any loss since the E. (S). Act 1948 provides for fixing rates so that there may not be loss and the taking over should ensure better future working. It would therefore, appear that the taking over should be for a period by the end of which there will be no loss to be debited to the undertaking.	*Vide* remarks against serial No. 87.
				The Secy. to Govt. of Madras, P. W. D., Madras.	
99A	Do.	Do. .	Do.	The proposed new sub-section is agreed to, subject to the following suggestions :— (*i*) After the working of an undertaking has been put on a satisfactory basis consequent on the Govt. taking over its management, the shareholders may be given the choice to approve of the continuance of the working of the undertaking by the Govt., if they so desire, so that any interference from the managing agents in the running of the undertaking, which may not be very helpful at that stage, may be obviated.	Do.

1	2	3	4	5	6
				(*ii*) It should be made obligatory on the Govt. to issue half-yearly statements of accounts direct to the company as also to the share-holders within two months after the lapse of every six months. *The Secy. to Govt. Punjab, P. W. D., Electricity Branch, Chandigarh.*	
99B	23	New 4B .	Do.	The plea of the Federation that due compensation must be paid for the interim management cannot be accepted. However the State Govt. should, for the interim period adjust the rates in such a manner that an undertaking which was earning profit prior to the taking over or the interim management should not go under a loss. *The Federation of Electricity Undertakings of India, Bombay.*	Do.
			5. Provisions where *the* license of a licensee *** is revoked. (1) Where the State Government revokes, under section 4, *** the license of a licensee *** *...the following provisions shall have effect, namely :— * * * * *		
100	25	5 (1) (*b*) .	(*b*) *The State Government may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking, or a part thereof as the case may be—* (*i*) *to the State Electricity Board, or where no such Board has been constituted to the State Government, itself ;* (*ii*) *where the local authority or any other person is willing to*	The propriety of providing for a situation where no Board will be constituted is open to serious objection. Please see comments earlier on Section 2 (*h*). In regard to 5 (1) (*b*) (*i*) a State Electricity Board has already such powers under Section 71 of the Electricity (Supply) Act, 1948. It is also objectionable to provide that a licensee shall, if required to do so, sell only a part of his undertaking. If his License is revoked in part, he may be placed in a most uneconomic position with regard to the balance of the area remaining to him. Under the Electricity (Supply) Act, 1948, it is clearly provided that when a generating station of a licensee is compulsorily acquired, the licensee will have the option to	Para (1)—*Vide* remarks against Serial No. 22. It is proposed to line up the provision in this Act with that of Section 71 of the E. (S) Act, 1948. Para (2)—This suggestion may be accepted and the following proviso added :— Provided that, where the licensee is required by the State Government to sell a part of his undertaking, he shall have the option to require the purchaser to purchase the whole of the undertaking.

			purchase the undertaking, to the local authority or to thas person. * * * * *	sell the whole of his undertaking, and the same principle should apply here.	
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
101	Do.	Do.	Do.	(1) It is perhaps the objective that in the absence of the State Electricity Board and where the State Govt. does not exercise the right to purchase as supply undertaking, the right of purchase should first go to the local authority if the whole of the area of supply is included in the area for which a single local authority is constituted and then to any other purchaser. It does not seem that this objective will be realised by the provision made in this section.	The provisions of Section 71 do not take away the right of the local authorities to purchase an undertaking where the State Electricity Board or the State Government is not willing to purchase. The local authority should be given higher priority than any other person in this regard and the section may be redrafted as under :— 5 (1)(*b*) "The State Government may, by notice in writing, require the licensee to sell and thereupon the licensee shall sell the undertaking or a part thereof as the case may be. (*i*) to the State Electricity Board or where no such Board has been constituted to the State Government ; (*ii*) to the local authority where either the State Electricity Board or the State Government is not willing to purchase the undertaking ; (*iii*) to any other person where neither the State Electricity Board nor the State Government nor the local authority is willing to purchase the undertaking. Provided that, where the licensee is required by the State Government to sell a part of his undertaking, he shall have the option to require the purchaser to purchase the whole of the undertaking."
				(2) It is perhaps under contemplation that where no State Electricity Board has been constituted the State Govt. undertakes the business of supplying energy. This is what is indicated in section 71 of the Electricity (Supply) Act, 1948 where local authorities are completely left out of the picture. Perhaps with this in view local authorities have been eliminated from the option of purchase under the revised section of the I. E. Act. It is not seen, therefore, why section 5 should not also exclude a local authority from the right of purchase.	
				Deputy Secretary to the Govt. of Bombay, P. W. D., Bombay-1.	
102	Do.	Do.	Do.	According to Section 71 of the E. (S), Act, 1948, the right and option to purchase electric supply undertaking snow vests in the State Electricity Board only. The present wording of this section is not clear in this respect. Following words are therefore, suggested.	Vide remarks against Serial No. 101.

1	2	3	4	5	6
				" The State Government, may, by notice in writing, require the licensee to sell and thereupon the licensee shall sell the undertaking or a part thereof, as the case may be, to the State Electricity Board, or where no such Board has been constituted, (*i*) to the State Govt. itself, (*ii*) when the local authority or any other person is willing to purchase the Undertaking, to the local authority or to that person." *The Secy. to the Govt. of Bihar, Elec. Deptt., Ranchi.*	
103	25	5 (1) (*b*)		The provisions of this sub-section apply to licensees who are not local authorities. So it is necessary to insert the words " not being a local authority " between " require the licensee " and " to sell " in the preamble. It is also necessary to add the word " or " at the end of sub-clause (*i*).	The provisions of Section 5 (1) (*b*) apply to Local Authority licensees as well. This suggestion may not be accepted. As regards the suggestion to add the word " or " at the end of sub-clause (*i*), remarks against Serial No. 101 may be referred to.
104	25	5 (1) (*b*)	Please see Serial No. 100	*M. P. Electricity Board, Nagpur.* Amend b(*ii*) inserting where no State Electricity Board is constituted andthe State Govt decides to purchase the undertaking itself. PROPOSED TEXT : (*ii*) Where no State Electricity Board is constituted and the State Govt. decides not to purchase the undertaking itself, the local authority in the area (if any) or any other power is willing to purchase the undertaking, to the local authority or to that person. *The Secy. to Govt. of Madras, P. W. D., Madras.*	Vide remarks against Serial No. 101.
104 A	25	5	Please see Serial No. 100	Draft sub-section 5 (1) (*b*) provides that where a licence is proposed to be revoked, the local authority may be invited to purchase the undertaking. This Govt. are of the view that it will no longer be a progressive policy to entrust the work of electricity supply to	Do.

				local authorities for operation within their limited and non-composite areas. It would, therefore, be desirable that in case of revocation of a licence, the undertaking should be taken over either by the State Government or the S. E. Board. The proposed sub-section 5 (1) (*b*) does not imply any priority in the matter of the option to be exercised for purchase of the undertaking in the event of revocation of the licence. This Govt. consider that it would be desirable to incorporate specific provision for this purpose in the proposed sub-section, the order of priority being as follows :— (*i*) State Electricity Board. (*ii*) State Government. (*iii*) Local Authority or any other person. The question of including local authorities under item (*iii*) above will, however, depend on the decision to be taken by the Govt. of India on the suggestion of this Govt. in the previous sub-para.	
			5. Provisions where *the* license of a licensee **** is revoked (1) Where the State Government revokes, under section 4, **** the license of a licensee**** ....the following provisions shall have effect, namely :—	*The Bengal Chamber of Commerce and Industry, Calcutta.* The impropriety of endeavouring to acquire undertakings on any basis other than that guaranteed in the I. E. Act, 1910 has been referred to elsewhere. In addition exception must be taken to the proposal in the proviso to Section 5 (1) (*c*) which seeks to make legal the interim payment of only 25% of the paid-up share capital. In the first place, the percentage must refer to share and loan capital and also to free reserves and the percentage should be at least 50%—not 25% The expression "whichever is less" should read "whichever is greater".	For Basis for Valuation—Vide remarks against Serial No. 130.
			* * * * *		
105	25	5 (1) (*c*)	(*c*) *where the State-Government issues any notice under clause (b), it may, by such notice, require the licensee to deliver and thereupon the licensee shall deliver by a date specified in the notice the undertaking to the designated purchaser pending the determination and payment of the purchase price of the undertaking* : *Provided that,* (*i*) *The purchaser shall pay to the licensee on or before the*	The amount finally payable has no relation to the share capital ; it only has relation to the "capital base"; details of the "capital base" are sent in annual returns to the Govt. There is, thus, no difficulty in ascertaining the amount accurately enough for the payment proposed.	25% payment is an advance payment and refers to the minimum required to be paid by the purchaser. By mutual agreement the purchaser can pay even higher percentage. Advance payment in the case of supplies are usually about one third. We may revise the minimum advance payment to 35%. Reference to the share capital may be deleted.

1	2	3	4	5	6
			date of vesting a sum not less than 25% of the amount representing the difference between the amount properly incurred on and incidental to the establishment of the undertaking and depreciation thereon as shown in the audited statements of account for the year of account of the licensee preceding the date of vesting or 25% of the paid up share capital, whichever is less, at the time of vesting ; and (*ii*) *the payment of the balance of the purchase price together with the interest thereon at the rate of one percentum over the average of the Reserve Bank rate ruling between the date of vesting and payment or tender of payment shall be made to the licensee within two years from the date of vesting unless the purchaser and the licensee arrive at a mutual agreement to the contrary* : * * * * *	*The Secy to Govt. Punjab, P. W. D., Electricity Branch, Chandigarh.*	
105A	25	New 5 (1) (*c*) Proviso.	Please see serial No. 105	The percentage of the intrim paymnt may be fixed somewhere between 25% and 50%. *The Federation of Electricity Undertaking of India, Bombay.*	Vide remarks against serial No. 105.
106	25	5(1) (*c*) Proviso (*i*)	Do.	The percentage of initial payment should be based upon book value *only* and be at least 75%. Share Capital has no direct bearing on the value, and besides the reference to it and " whichever is less " specifically results in ignoring the rights of debenture holders and other lenders.	Vide Serial No. 105. The provision in respect of the rate of interest is based on the provisions of section 37 (1)(*b*) of the E. (S) Act, 1948. For several reasons the provision is considered equitable. For example no business risk is involved in respect of funds in question, whether the funds in question were earning more than the rate of interest allowed or not, etc.
		Do. Proviso (*ii*)	..	The interest allowed at 1% over the Reserve Bank Rate is too low. This should be on a par with the ruling " Standard Rate " under the E. (S) Act, 1948.	This Suggestion may be accepted.

				Deputy Secretary to the Govt. of Bombauy, P. W. D., Bombay-1.	
107	Do.	Do. Proviso (*i*)	Do.	As the purchase price is now to be determined on the basis of depreciated book value of the assets, the first instalment in payment thereof should be related to that value only. The alternative of "*or 25% of the paid-up share capital, whichever is less*" is, therefore, considered to be unnecessary particularly when only 25% of the value is proposed to be payable on or before the date of vesting and the purchaser has 75% in hand to make adjustments of overpayments, if any.	Vide remarks against Serial No. 105 and 106.
		Do. Proviso (*ii*)		This Govt. considers that the proposed interest on unpaid balances at the Reserve Bank Rate plus 1% has no justification. Under the E. (S) Act, 1948, a licensee is entitled to a standard rate for interest as specified in that Act, *viz.*, 5% and therefore, no departure should be made from the statutory provision so long as the investor's monies are locked up with this business.	
				M. P. Electricity Board, Nagpur.	
108	25	5 (1) (*c*)	Do.	Perhaps the % may be increased upto 1/3rd.	Para (1)—Vide remarks against Serial No. 105.
				Proviso (*ii*)—	
				The licensee submits his annual accounts from time to time to Government ; these are test audited by Govt. before admission. This has to be taken into account at the time of fixing the purchase price.	Para (2)—This suggestion refers to sub-clause (*d*).
				The section may be amended suitably for the purpose.	It is not advisable to involve the State Government in this matter even if State Electricity Board (a Govt. sponsored corporation) or the State Govt. is not a party to purchase.
				PROPOSED TEXT :	
				"The purchase price of the undertaking or part thereof as the case may be, shall be such a sum as may be certified by an auditor or auditors from a panel as may be approved by the State Government by the licensee and the purchaser by mutual agreement.	This suggestion may not be accepted.

1	2	3	4	5	6
109	25	5(1)(c)	Please see serial No. 105	*The Secy. to the Govt. of Bihar, Elec. Dep., Ranchi.* Under proviso (i) the advance payment is 25% of a sum representing the difference between the book value and depreciation or 25% of paid up share capital. No reference is made to purchase price which is defined only in sub-section (d). So it is suggested that proviso (ii) should commence as "the payment of the purchase price as defined under sub-section (d) *less* advance payment made under proviso (i) above together with interest thereon....."	This suggestion may be accepted and the first proviso amended as under, after taking into consideration the remarks given against Serial No. 105,— (1) The purchaser shall pay to the licensee on or before the date of vesting a sum not less than 35% of the purchase price of the undertaking as defined in sub-clause of this sub-section.
110	Do.	Do.	Do. . . .	*The Secretary to Government of Andhra P.W & Transport Dept., Kurnool.* The provision for the advance payment of compensation equal to 25% of the book value less depreciation or 25% of the paid up share capital whichever less, and the payment of balance within two years from the vesting date, made in the provisos to section 5(1)(c) may be hard to the shareholders. The Andhra Electricity Supply Undertakings (Acquisition) Bill, 1954 recently passed by the Andhra Legislative Assembly provides that within four months from the vesting date, the Government shall estimate roughly the compensation payable to the licensee under the Act and pay to the licensee or deposit in a Bank, as the case may be, three-fourths of the amount as estimated after deducting therefrom certain amounts, if any, and that within one year from the date on which the compensation was estimated, the Government shall determine the amount of compensation payable in respect of the undertaking and pay to the licensee or deposit in a Bank, as the case may be, the balance amount due.	The valuation of an undertaking takes quite some time. It is, therefore, desirable to give appropriate time for the purpose. The two years' period is considered reasonable and does not adversely affect the licensee as he is paid at the rate of 1% *plus* the average Reserve Bank Rate. In the case of the proposed Andhra and Madras Acquisition Bills, there is no provision for payment of interest in spite of the fact that the Government has to pay the purchase price within one year.
110A	25	5(1)(c)	Do.	*The Secretary to Government of Madras, P.W.D. Madras.* In the proposed sub-section 5(1)(c)(i) it has been provided that an amount representing only about 25% of the purchase price should be paid by the purchaser at the time of taking over an undertaking. But in the Madras Electricity Supply Undertakings (Acquisition) Act, 1949, and the Madras Electricity Undertakings (Acquisition) Bill, 1954, which has recently been passed by the State Legislature (con-	This suggestion may not be accepted.

				sequent on the recent judgment of the Supreme Court declaring the Acquisition Act of 1949 to be void) and is awaiting the assent of the President, provision has been made for the payment by the Government within four months of the vesting date of as much as three fourths of the rough estimate of compensation determined by the Government as payable for an undertaking taken over or to be taken over under the above enactments. As such, this Government are of the view that provision should be made in the proposed sub-section for payment of at least 50% of the purchase price (on the basis of the book value of the assets less depreciation) as advance compensation for an undertaking taken over.	Do.
111	25	5(1)(d)	5. Provisions where *the* license of a licensee***is revoked— (1) Where the State Government revokes, under section 4, *** the license of a licensee *** ....the following provisions shall have effect, namely : * * * * (*d*) *The purchase price of the undertaking or part the reof, as the case may be, shall be such a sum as may be certified by an auditor or auditors appointed by the licensee and the purchaser by mutual agreement, to have been the amount properly incurred on and incidental to the establishment of the undertaking or part thereof namely; all lands, buildings, works, materials and plant of the licensee suitable to and used by him for the purpose of the undertaking as the case may be, less depreciation in respect of the period prior to the date of vesting on the scale below :*	*The Federation of Electricity Undertakings of India, Bombay and Bengal Chamber of Commerce and Industry Calcutta.* Please see the important note given against item No. 27, section 7(2). Serial No. 125.	*Vide* remarks against serial No. 130

1	2	3	4	5	6
			(*i*) *for land owned under full title including the cost of clearing the site.*		
III	25	5(1)(*d*)	(*ii*) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act,* 1948, *the amount which would be produced by the end of the said portion B of the prescribed period if during that portion an allowance were made annually on account of depreciation in accordance with the provisions of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act,* 1948;		
			Provided that,—		
IIIA	Do.	0.	(*i*) *the purchase price shall not include any compensation in respect of goodwill* or any profits which may be or might have been made from the undertaking or of any similar sideration,	*Madhya Pradesh Elec. Dept., Nagpur.* Add the following proviso as proviso IV— (*iv*) the auditor or auditors shall also take into consideration the last statement of accounts submitted by the licensee under Section 11 of the Act, 1910.	The parties are expected to see that the auditors appointed by mutual agreement take into account all the relevant statements of account before certifying the purchase price of the undertaking. This suggestion may not be accepted.
			(*ii*) *the auditor or auditors appointed under clause* (d) *shall be qualified under the provisions of section* 144 *of the Indian Companies Act,* 1913 (*VII of* 1913) *to act as an auditor of the companies.*		
			(*iii*) *the auditor's cost shall be shared equally by the purchaser and the licensee,*		
			Provided further that, if the purchaser or the licensee is dissatisfied with the sum so certified, the matter shall, in default of agreement between them, be determined by arbitration.		

112	Do.	Do. . .	Ditto. . . .	*Bombay Chamber of Commerce, Bombay-1.* In the opinion of the Chamber, Section 5(1)(d) offends against the principle of the sanctity of contracts, since the Electricity Undertakings were given licenses in terms of the 1910 Act which stipulated that upon compulsory acquisition they would be paid the "fair market value" of their undertakings. Both these proposals offend also against the Supreme Court judgement, in the case of Bela Bannerjee versus State of West Bengal and others, that compensation must be equivalent to the value taken away and must be justiciable. The Chamber considers that even a proposal to alter the basis of compensation would put an end to any possibility of electricity undertakings raising further capital for the performance of their public duties.	*Vide* remarks against serial No. 130.
113	Do.	Do. . .	Please see serial No. 111 . .	*The Bengal Chamber of Commerce and Industry, Calcutta.* Under Section 3(2)d(*ii*) many licences provide that certain parts of the undertaking shall not form part of the undertaking for the purpose of purchase under Section 5 or 7 of the Act. The common exclusion is the Generating Station itself, so that it is quite wrong to say that the undertaking as a whole is being sold. The necessity for the taking over by Government may have arisen through no fault of the licensee and may, in fact be only a part of the policy of the State concerned to implement their plans for their own net-work expansion, or may be due to lack of capital which the licensee has been prevented from acquiring by the limited return permitted, and it is unjust that other than the " fair market value" be given. *The Secy. to Government of Madras, P.W.D., Madras.*	Do.
113A	25	6(1) as new 5(2)	Please see serial No. 111 . .	Draft section 5(1)(d)(2) seeks to provide that where the State Government revoke the licence of a local authority, the terms and conditions of sale of the undertaking may be fixed by the State Government as they think fit. This provision would seem to introduce an element of differentiation as between local authority and other electrical undertakings. The question whether such differentiation would be in order may require to be examined further with	The proposed provision is identical to the existing provision and does not lay down any specific formula for the compensation like the Madras Acquisition Act of 1949 which has been held by the Madras High Court and the Supreme Court to be *ultra-vires* of the Constitution in respect of payment of compensation to the Local Authority licensees and the compensation

1	2	3	4	5	6
				reference to the judgment of the High Court, Madras which declared the Madras Electricity Supply Undertakings (Acquisition) Act, 1949, to be *ultra vires* the Constitution in so far as it related to local authority electrical undertakings. This judgment of the High Court was based on the ground that the provisions in the Act prescribing a different basis of compensation for local authority undertakings, according to which local authority licensees would get a lesser amount of compensation than private licensees, were discriminatory in nature there by infringing the Fundamental Rights guaranteed by the Constitution of India. This Government of course, preferred an appeal to the Supreme Court of India against the judgment of the High Court, in view of the constitutional issues involved *e.g.*, it may be questionable to show any discriminatory treatment as between the local authority undertakings themselves in the matter of grants etc. by the Government. But a definite ruling in the matter could not, however, be obtained from the Supreme Court as the appeal was dismissed by that Court on the technical ground that the acquisition Act of 1949 was in its entirely void as the Provincial Legislature had no competen e to enact that Act in the absence of a prior authorisation from the Governor-General under section 104 of the Government of India Act, 1935. However in conformity with the High Courts judgment this Government have included provision in the Acquisition Bill of 1954, which is now awaiting the President's assent for assessment of compensation for local authority undertaking also on the same basis as for company licensees. In the circumstances, it would seem desirable to have the legal position examined further by the Government of India in the light of the facts set out above before deciding to retain the draft sub-section 5 (1) (d) (2) as proposed by the Advisory Board.	and the competency of the Madras State legislature to enact it without the prior authority from the Governor-General as required by section 104 of the Government of India Act, 1935. It is presumed that the State Governments, when fixing the compensation payable by the purchaser for the transfer of a local authority undertaking in the state will ensure that the local authority concerned gets just compensation as envisaged in the Constitution. Amendment of the proposed provision is not considered necessary.
114	255(2)		(2) where the State Government revokes the license, *in whole or part*, of alocal authority	*The Secy. to the Government of Bihar, Elec. Deptt. Ranchi* This sub-section seeks to empower the State Government to fix the terms and conditions of sale unilaterally without consulting or taking the	*Vide* remarks against serial No. 113A.

		under Section 4, **.....** the State Government may **.....** *issue notice under the provisions of clause* (b) *of sub-section* (1) *and fix such terms and conditions of sale as the State Governments think just.*	concurrence of a licensee, which is a local authority. In Bihar there are no local authority under takings but it would appear that discrimination between private licensees and local authority licensees in the matter of compensation will be illegal under the fundamental rights provided in the Constitution. Such discrimination in the Madras Electricity Undertakings Acquisition Act, 1949 seems to have been held *ultra-vires* by the Madras High Court. The incorporation of such a provision would require examination at high legal level.	
115	Do.	Ditto	*The Secretary to Government of Andhra P. W. and Transport Department, Kurnool* According to the proposed sections 5(2), the sale of an undertaking of a local authority shall be on such terms and conditions as the State Government think fit. The power to fix unilaterally the rates and conditions of sale without getting the agreement of the local authority is liable to be challenged on the ground of discriminating one class of licenses for such treatment and thus contravening the provisions of Article 14 of the Constitution of India.	Do.
116	5(e) (*i*) as new 5(3)(*i*)	(*i*) ***.....** the undertaking *or part thereof, as the case may be*, shall vest in the purchaser** free from any debts, mortgages or similar obligations of the licensee, or attaching to the undertaking: Provided that, any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking, *or part thereof as the case may be; and* (*ii*) the ***.....** rights, powers, authorities, duties and obligations of the licensee ***....**for the whole or the part thereof as the case	*Shri T. S. Rao Chief Engineer, B.E.S. & T. undertaking Bombay* Line 2 : It is noted that under sub-clause (1), it is stipulated that the Undertaking or part thereof, shall vest in the purchaser free of debts, mortgages or similar obligations of the Undertaking, but these shall attach to the purchase money. In view of this stipulation it is considered that the State Government should publish by a notification in the local Official Gazette, not less than three months in advance, the Government's decision to revoke the licence and the date from which it takes effect, so as to warn banks, other creditors and the general public, in regard to the proposed change in the management. In line 2, after "shall" , add "after the expiry of three months from the date of publication of notice of proposed revocation in the Official Gazette". (*e*) (*ii*) In line (3), substitute the word "for" by "and" in line (5), substitute the words "and he" by "who"	(e) (*i*) The provision is based on the existing provision under which there is no provision for publication of the notice of revocation as suggested. Want of publication of the above notice has not so far resulted into any legal complications. This suggestion may not be accepted.

	2	3	4	5	6
			may be under his license shall pass on to the purchaser and he shall be deemed to be the licensee *for the whole or the part of the undertaking as the case may be.* ***..... **..... ..		(*e*) (*ii*) The suggested amendments do not improve the draft. This suggestion may not be accepted.
				The Federation of Electricity Undertakings of India Bombay.	
117	26	6(1)	6. Provisions ** *for the purchase of* ** *undertaking* of local authority. ***—(1)(1) Where ** **....** *a scheme sanctioned under section 29 of the Electricity (Supply) Act, 1948; provides for a purchase by the State Electricity Board* of a local authority licensee's undertaking the State Government may*** require the local authority to sell, thereupon the local authority shall sell the undertaking to **the *State Electricity Board*, on such terms *and conditions* as the State Government thinks**fit.*	The Federation forcibly challenges the premises recorded in conjunction with this proposal. It is in the first place not correct to say that licensees generally are uninterested in rural electrification. The fact is that such is often uneconomic, " inter se", and factually requires subsidy. Nevertheless many licensees have made substantial progress with rural electrification. They would have been able to make more if they had had the advantage of subsidy. If subsidy has to be given there is no reason why it should not be given through a licensee, whose profits are already controlled by law. There is no need to wait for a State Electricity Board to take over before providing subsidy, nor economic justification for forcing into being new powers to expropriate. Secondly it is highly questionable to suggest that subsidy for rural electrification should come from urban electrification. Apart from the fact that any such discrimination against urban electrification could, in terms of money, only touch the fringe of the problem of rural electrification, it would be a discrimination most damaging to the economy of the country and unconstitutional. It may be that a part of the extra wealth created in urban areas can and should be bled off for the benefit of rural areas, but this should be done from general revenues collected upon such wealth generally. To pick upon one element only amongst the creators of wealth is unfair. To pick upon Electric Supply which is basic to the production and increase of	There is no intention of subsidizing rural electrification in cash. The intention is to integrate the electrification of the urban and the rural areas in such a matter that by a small increase in the rates of supply to the urban areas the supply to the rural areas is given at reasonable rates. In short, it is intended to postalize the rates of supply in any one region in the State. Such small increases cannot be said to be unfair to the urban population specially when it is realized that the urban population is provided with larger number of modern amenities and comforts at much lower costs than the people living in the rural areas. It is considered that a small increase in the rates of supply for domestic and small industrial purposes will not damage the competitive capacity of the urban areas. The Federation has not denied that sometimes there would be need for integration of the nature envisaged by the provision. It is not, however, in favour of the statutory provision being made to that effect. The suggestion to delete the proposed provision may not be accepted.

				wealth is absurd. The Mathai Taxation Enquiry Commission has asked the Federation recently for data showing the effect of reductions in price upon the demand for electricity. The Federation is supplying this date showing the rises in sales which have followed reductions of price in stable economic conditions. Increases in price have the opposite effect and if any authority imposes such increases in urban areas merely in order to gain subsidies for rural electrification, the effect must be to damage the competitive capacity of the urban area in its overseas and other markets thus lowering its capacity to produce wealth for the Nation. It follows that subsidies should be from general revenues where the effects can be properly assessed and weighed. There is of course, a valid premise upon which the proposal to revoke a local authority license could have been based, which is that there may arise conditions where a State Electricity Board would be able to effect savings in overall costs. However, if such cases do arise in future, and public interest makes integration really desirable, the fact of its being desirable should be quite evident to the public bodies concerned who can, then, have no reason for failing to reach a fair agreement regarding integration, without legislative compulsion. It is accordingly recommended that the proposal should be deleted, adequate provision having already been made in respect of local authorities under revised Section 5(2).	
118	Do.	Do.	Ditto.	*Shri T.S. Rao Chief Engineer, B.E.S. & T. undertaking Bombay.* It is suggested that a provision may be added to Section 6(1) as follows :— "When the local authority is dissatisfied with the terms and conditions for the sale of the Undertaking to the State Electricity Board or the State Government, as the case may be, the matter shall, in default of agreement between them be determined by arbitration".	The local authority undertakings are financed from loans and subsidies from Government. It is to be presumed that the Government while fixing the compensation will take into consideration all the relevant factors. This suggestion may not be accepted.
119	26	6(1)	Please see serial No. 117	*The Bengal Chamber of Commerce and Industry, Calcutta.* While this does not concern licensees in the Private Sector, it would seem that in fairness to Municipalities an appeal should be made either to Central Electricity Authority or to Arbitration under the Arbitration Act 1940 in cases where the Municipality is unable to agree to the terms of acquisition.	*Vide* remarks against serial No. 118.

1	2	3	4	5	
120	26	6(1) . .	Please see serial No. 117	*Deputy Secretary to the Government of Bombay, P.W.D., Bombay-1* This section deals with the provision for purchase of undertaking of local authority. In this connection the Advisory Board has stated as under :— "Local authority undertakings are mostly financed from loans or subsidies from the Government. Their objective is similar to that of the Government or the State Electricity Board, *i.e.*, the service to the community. But service from the local authority undertakings is normally restricted within their own limits. These undertakings mostly constitute thickly populated urban areas. Normally licensees are disinclined to develop rural areas as such developments are usually uneconomical. The policy of Government is to extend this amenity to rural areas. It is, therefore, considered desirable to subsidise supply to rural areas from profits available from the concentrated urban areas. In case of private licensees the solution lies in the Electricity Board taking over the Undertaking on the expiry of the period of license. But the case of a local authority is different as in their case the licenses are perpetual. Under the provisions of section 71 of the E. (S) Act, 1948, the option to purchase an Undertaking has been transferred from the local authorities and State Government to the Electricity Boards and the principles of entrusting the business of Electricity supply to the State Electricity Boards has, thus been accepted. As local authority undertakings are generally financed from loans or subsidies the State Government should be empowered to fix the terms and conditions of transfer of local authority undertakings". Sections 28 and 29 of the E. (S). Act, 1948 do not provide for the purchase of any local authority's undertaking but only provide for the control of its generating station within the area of the scheme and acquisition of main transmission lines, if necessary. In order, herefore, to fulfil the aims	The provisions of Sections 28 and 29 of the Electricity (Supply) Act, 1948, are to be read along with those of Paragraph XVII of the First Schedule to the Act, which give option to the licensee including the local authority licensee to require the Board to purchase his undertaking instead of the generating station only. Under section 29 *ibid*, the Board is required to publish its scheme and to modify suitably, if necessary, in the light of the objections and suggestions received from the persons affected. The sanctioned scheme may, therefore, provide for the purchase of the local authority licensee's whole undertaking. The draft provision as proposed is, therefore, in order. Incidentally, the proposed provision is an enabling one which gives discretion to the State Government to require the local authority licensee to sell its undertaking or not. This suggestion may not be accepted.

				as described above it seems that this section requires to be suitably reworded so as to enable the State Electricity Board to take over the local authority's undertaking situated in the area of a scheme. For this purpose provision may be made for the State Government to issue, a directive to the local authority, on the request of the Board to hand over its undertaking to the Board on specific terms and conditions. In this connection this Government considers that the terms and conditions should as far as possible, be determined on the same principles as apply in the case of private licensees. This may be clarified by adding a provision to new section 6(1).	
121	Do.	Do. . .	Ditto. . . .	*M. P. Electricity Board, Nagpur.* The option of purchase under E. (S). Act, 1948 vests in the State Electricity Board. Where no Board is constituted and where the Government consider necessary to revoke local authority's licence, the State Government may either take over the Undertaking itself or require the local authority to sell the undertaking itself. Section 5 as proposed to be amended to cover both local authority licensees as well as others, has to provide for this adequately Enlarge Section 5(*b*) (*ii*) suitably. PROPOSED TEXT :- *Existing Section* 6(1) will be modified as follows : 1. A new sub-section 5(b) (iii)—"Where no State Electricity Board is constituted and where the State Government further decides not to purchase the undertaking itself, and if the licensee is not a local authority, and if the local authority of the areas or any other person is willing to purchase the undertaking the State Government may require the licensee to sell the undertaking to the local authority, or to that person ; or if the licensee is the local authority and where any other person is willing to purchase the undertaking, the local authority shall sell the undertaking to that person upon such terms and conditions as the State Government may fix in this behalf.	Section 5 lays down the procedure in respect of the transfer of an undertaking of a licensee including the local authority licensee on revocation. Section 6 provides for the purchase of an undertaking of the local authority licensee under circumstances other than revocation, *viz.*, inclusion of the undertaking of the local authority licensee in a scheme of the Board sanctioned under Section 29. The suggestion to incorporate the provisions of section 6 under section 5 may not be accepted.
122		Do . .	Ditto. . . .	*The Secretary to Government of U. P. Power (B) Department , Lucknow.* Provision in this section for the revocation of the licence of a local authority and for making consequential	*Vide* remarks against serial No. 121.

1	2	3	4	5	6
				arrangements for the sale of the undertaking to the State Government or to any other party should continue.	
				The Secretary to the Government of Bihar, Electricity Department, Ranchi.	
123	26	6(1)		While the power to take over the local authority undertakings by the State Electricity Board may be in order, the provision that the sale of the undertakings will be subject to the terms and conditions fixed by the State Government may be illegal as pointed out under sub-section 5 (2) above. This requires careful legal examination as the provisions of the Act should not contravene rights of persons or bodies or corporations embodied in the Constitution.	*Vide* remarks against serial No. 113A.
				The Secretary to Government of Andhra P. W., & Transport Deptt., Kurnool.	
124	Do.	Do.	Please see serial No 117	Same as against Serial No. 115 Section 5(2).	Ditto.
				The Secretary to Government of Madras P.W.D., Madras	
124A	26	6	Ditto.	The position stated in the last sub-para. against serial No. 113A—Section No. 5(1) (d) would apply to this item also.	Ditto.
				The Bengal Chamber of Commerce and Industry, Calcutta.	
125	27	7	7.****_Provisions for purchase of undertaking of_ a licensee, not being a local authority. (1) Where a license has been granted to any person, not being a local authority *** _the State Electricity Board_ shall on the expiration of such period not exceeding * _twenty_ years, and of every such subsequent period not exceeding* _ten_ years, as shall be specified in this behalf in the license, have the option of purchasing the undertaking, and, if the** _State Electricity_ Board, ***	The clause in its present form is vague. It should apply to new licences as the terms of existing licences cannot be disturbed.	*Vide* remarks against serial No. 130

.....****elects to purchase, the licensee shall sell the undertaking to the**

State Electricity Board on payment of the value of all lands, buildings, works, materials, and plant of the licensee suitable to, and used by him for the purposes of the undertaking, other than a generating station declared by the licensee not to form part of the undertaking for the purpose of purchase **

.....***.....

(2) *The purchase price of the undertaking shall be such a sum as may be certified by an auditor or auditors appointed by the State Government in this behalf to have been the amount properly incurred on and incidental to the establishment of the undertaking less depreciation in respect of the period prior to the date of vesting on the scale below :*

(i) *for land owned under full title, including the cost of clearing the site—Nil*

(ii) *for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the amount which would be produced by the end of the said portion of the prescribed period, if during that portion an allowance were made annually on account of depreciation in accordance with the*

1	2	3	4	5	6
			provision of paragraph VI of the Sixth Schedule to the Electricity (Supply) Act, 1948 : Provided * that, there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty per centum on that value as may be specified in the license, on account of compulsory purchase. *Provided also that,* (i) *the auditor or auditors appointed under sub-section (2) shall be qualified under the provisions of section 144 of the Indian Companies Act* 1913 (VII *of* 1913) *to act as auditor of companie* (ii) *the auditor's costs shall bes. shared equally by the State Electricity Board and the licensee.* (iii) *if the State Electricity Board . . . or the licensee is dissatisfied with the sum certified by the auditor or auditors, as the case may be, the matter shall, in default of agreement between them, be determined by arbitration.*		
126	27	7(1)	Please see serial No. 125	*The Federation of Electricity Undertakings of India Bombay & Bengal Chember of Commerce and Industry, Calcutta.* This may be taken to mean that the option to purchase will arise 20 years after the first granting of a license and thereafter at 10-yearly intervals notwithstanding any provisions in the existing licenses. This point has also been dealt with in the note commenting on the amendments to	*Vide* remerks against serial No. 130.

				Sections 5(1) (d) and 7 (2) and it must be pointed out here that the period of 20 years suggested is manifestly too short. Many of the expansion and development schemes commonly in process take 5 to 10 years and therefore the proposed amendment is anything but an encouragement to a licensee in effecting developments which is one of the primary objects of the Electricity (Supply) Act, 1948. The periods as laid down in the clause as it exists should continue. *The Secretary to Govt. of U.P. Power (B) Deptt., Lucknow.*	
127	Do.	Do.	Do.	The State Government would suggest that the period of the initial licence may be raised from 20 to 25 years.	Ditto.
				Shri T.S. Rao, Chief Engineer, B.E.S. & T. Undertaking, Bombay	
128	Do.	Do.	Do.	It is noted that the Section does not provide for any option for the local authority for the purchase of an undertaking of a licensee. It is highly essential that when Municipal Undertakings are trying to find money for public projects and civic amenities, Government should assist them in getting as much revenues as possible from electricity supply, so that the additional revenues derived therefrom could be utilised for other activities in public interest. For example, the Municipal Corporation of Greater Bombay has, within its area, two private licensees, *viz*, M/s. The Tata Hydro Electric Agencies Ltd. and The Bombay Suburban Electric Supply Co. Ltd. and the profits derived by these companies could be usefully diverted for providing additional civic amenities, if these Undertakings are purchased and transferred to the Municipal Corporation at the appropriate time. It is, therefore, suggested that the first option for the purchase of the Undertakings of a licensee should vest with the local authority and not with the State Electricity Board. If the local authority does not exercise its option of purchase or if at any time, after purchase, the Government is not satisfied with the management by the local authority, the Government still have the option to purchase the Undertaking from the local authority under the provisions of Section 6 of the proposed amendment to the Act.	The withdrawal of the right of the local authority to exercise the first option of purchase either on revocation or on the expiry of a license is in accord with the provisions of section 71 of the Electricity (Supply) Act, 1948. The suggestion in para. 6 of this comment probably refers to the two years' notice for election to purchase the undertaking after the expiry of the period of the licence. This period of notice was reduced to 12 months during the 2nd meeting of the Board. 15 months' notice by the State Electricity Board to the State Government for election to purchase as provided in the proviso to secion 7(4) is considered adequate in view of the reduced period of notice from two years to one year. This suggestion may not be accepted

1	2	3	4	5	6
				Suitable amendments may, therefore, be made to Section 71 of the Electricity (Supply) Act, 1948. Before the words "the State Electricity Board" in lines 3, 8 and 11, add "the local authority or". It is considered that having regard to the trend in the policy of the Government towards nationalisation, it is not desirable to give any period longer than the maximum period of two years' notice for subsequent option, after the expiry of the first option of purchase. It has already been suggested in the comments under Section 7(1) that the first option to purchase the Undertaking by the local authority as provided under the existing Act should remain. It is noted that the State Electricity Board should also get prior sanction from Government, before serving notice on the licensee, of the Board's intention to purchase the Undertaking. It is, however, considered that one year's notice is too short and not equitable to the licensee. It is, therefore, suggested that the proposed period of one year may be increased to 18 months so far as the serving of the notice by the local authority or the State Electricity Board on the licensee is concerned, but that these bodies should approach the Government for sanction at least two years before the expiry of any of the periods referred to in sub-section (1). Substitute the words "and in every such subsequent period not exceeding 10 years as shall be specified in this behalf in the licence" by "and thereafter by giving not less than two years notice".	
				Deputy Secretary to the Government of Bombay, P.W.D., Bombay-1.	
129	Do. . .	. .	Please See serial No. 125.	. It is presumed that this new section would not affect the existing licenses where a longer period than 20 years has been permitted before purchase by the local authority.	It is not intended to extend the application of the proposed section 7(1) to licences granted before the coming into force of the provisions of the section sofar as the periods of the license are concerned. As this intention does not appear to be clear from the text of the section as drafted, it is suggested that the words "other than that granted before the coming into force

				The Secretary to Government of Madras, P.W.D Madras.	this section" may be inserted between the words "specified in this behalf in the licence" and "have".
129A	27	7(1)	Please see Serial No. 125	This Government are advised that the proposed revised section 7(1) will apply also to licences granted under the existing Act of 1910. If, therefore, the words "as shall be specified in this behalf in the licence" are retained in the proposed section 7(1) a doubt will arise whether the provisions of the repealed section or those of the new section will be applicable to the licences already granted. In the circumstances, this Government would suggest that the above words be omitted from the proposed section 7(1) and suitable consequential amendments made.;	Para. (1)—*Vide* remarks against serial No. 129. Section 5 and 7 may be suitably amended.
				In the matter of payment of compensation for the works of the licensee, it would seem desirable to exclude the portion of the service lines paid for by consumers from entering into the calculation of compensation for the undertaking. This principle has been adopted in the Madras Electricity supply Undertakings (Acquisition) Act, 1949, as also the Madras Electricity Undertakings (Acquisition) Bill 1954 now awiating the President's assent. This Government would recommend the inclusion of a specific provision for this purpose in the proposed revised section.	Para. (2)—This suggestion may be accepted.
130	27	New 7(2)	(Please see Serial No. 125)	*The Federation of Electricity Undertakings of India, Bombay; Chamber of Commerce and Industry, Calcutta for the last three paragraphs.* The impropriety of endeavouring to acquire undertakings on any basis other than that guaranteed under the present Act has been explained below : The changes that have been proposed in relation to Section 5 and 7, are fundamental in that the proposals seek to substitute historical cost less depreciation for fair market value in the event of compulsory acquisition of a licensee's undertaking. Two principal grounds are given for this far-reaching change: (1) That the existing formula of fair market values is indefinite and depending on various market conditions and the views of the individual appraisers and hence controversial ; and (2) Considerable delay takes place in fixing the valuation which is detrimental to all parties, including the licensee.	

1	2	3	4	5	6
				With due respect to the Members of the Advisory Board, the proposals put forward, if adopted : (*a*) will have disastrous consequences on the financial and investment market at a time when capital formation is at a discount ; (*b*) is in violation of the fundamental rights of property owners which have been in existence in some cases for 50 years or more ; (*c*) is in breach of the understanding reached at the time when the Electricity (Supply) Act,1948, was passed between the Central Government, and the Electric Supply Industry in regard to the provisions of Section 7 of the Indian Electricity Act, 1910. The grounds given for doing away with the fair market value basis are unconvincing and it is proposed to elaborate on these three main reasons below :— (1) It is recognised that today it is difficult to obtain capital for electrical undertakings. Numerous schemes of expansion so necessary in the interests of the general economy of the country and the development of industries and the public well-being have been held up for want of capital. Attempts, are, therefore, being made on the part of the Federation and other Public Bodies for producing a more favourable climate for capital particularly in public utilities. One of the means proposed has been a proposal to increase the reasonable return allowed to a licensee under the provisions of the Electricity (Supply) Act, 1948. The proposal now put forward is tantamount to partial expropriation of the property rights of share-holders in public utilities. The provisions regarding the acquisition of electrical undertakings have been part of the law since 1903 and incorporated in the licenses held by Electricity Companies. Any watering down of these valuable proprietary rights will certainly deliver a crushing blow to investment in industry in the private sector and more specifically in public utilities. (2) The States have issued electric licensee under	

130	27	7(2)	(*Contd.*)	certain specific terms and conditions. One of the Statutory rights under the Electricity Act, and a contra-actual right against the State, provides that the undertaking shall not be acquired when the option falls due, under the license, except by valuation on a fair market value basis. It has to be remembered that this valuation provided in the Electricity Act gave to the undertaking nothing for goodwill although in all instances goodwill has been created by the licensee in the course of running his electric supply undertaking. To take over, therefore, the assets of such an undertaking at cost less depreciation basis will particularly in the case of old established undertakings, only mean a partial expropriation of the property of the undertaking, because the replacement costs of those assets and their price in the free markets would be several times the depreciated price fixed under the artificial provisions of the Fourth Schedule to the E.(S). Act, 1948. This can be seen by a comparison of the cost, say, which the Bombay Government will have to incure on the first stage of the Koyna project with the aggregate cost which the three Tata Hydro-Electric Companies have incurred on three separate hydro systems (as against Koyna's one) of relatively equal capacity including an integrated distribution system which Koyna will not possess. It is well known that in the case of hydro-electric plants the costs of dams, earth works and the like, form a very large percentage of the total cost and hardly any depreciation takes place in respect of such class of assets. Due to depreciation in currency, inflation and other causes, the cost which was incurred and paid for such assets 30 years ago is of the factor of 1 to 5 when compared to present day cost. The proposed amendment seeks at a stroke of the pen to reduce the valuation of those assets to a fifth of what it was under the existing provisions of the section. Surely, the Advisory Board, who have framed this proposal, could not have been unmindfu[1] of the far-reaching consequences of such a proposal and yet no attempt has been made in the reasons

1	2	3	4	5	6
				given for the proposed amendment as to explain why licensees should be deprived of the fair market value principle which was the basis on which their licenses were obtained from the State and capital expenditure on the undertakings incurred. It is an unthinkable procedure to destroy the terms of a grant from the State to a subject for carrying out a public purpose, such as the setting up of a public utility. In effect, the proposed amendment derogates from this grant as it deprives the licensee of one of the most important benefits conferred at the time he undertook the obligation of incurring substantial expenditure of capital to provide a public service. The safeguard which was provided was that when the State exercised its option to purchase his undertaking, it would pay a fair market price for it and this safeguard is now proposed to be taken away. This cannot be countenanced. (3) When the E. (S). Bill was on the anvil—and it will be recollected that more than one draft of the Bill was made and was under consideration for a period of approximately two years, proposals had been put forward for taking away the rights granted to licensees under Section 7 by providing that acquisition should be on the basis of the cost less depreciation basis as ultimately enacted in the Fourth Schedule to that Act. Some of the provisions in the earlier versions of the Bill, therefore, were contrary to the fair value basis provided by Section 7 of the Act, 1910. However, when the Bill was in its formative stages, due to representations by the Federation, other trade bodies and electricity undertakings, Government accepted the recommendations of these parties and retained the provisions of Section 7 of the Electricity Act, of 1910. In this connection, attention is invited to Sections 70 (2) and 71 of the E.(S). Act, 1948, which safeguard the rights given to licensees, 'particularly in connection	

				with the purchase of their undertakings. Section 71 in its final form as enacted by the Act in effect confirms the rights of the licensees when their undertakings are purchased to be paid in accordance with the provisions of Section 7. Therefore, it is not understood why the Advisory Board should seek to alter the rights of licensees in such drastic manner, particularly when after due public enquiry and a detailed examination, Parliament thought fit to confirm the rights given to licensees to be paid the fair market value for their undertakings on a compulsory acquisition of their undertakings. The fact that some delay may occur in a valuation under the present provisions of Section 7 is somewhat pointless, particularly as the Board by providing in their suggested amendments a clause to the effect that final payment for the undertaking should be made within a period of two years have themselves done nothing to avoid the delay in finalising payment of the acquisition price, but appear to provide as long a period of two years for payment after vesting of the licensees undertaking in the State. A fair market value basis is a definite basis and there is nothing indefinite about it. The provisions of the Fourth Schedule to the E. (S). Act, 1948 are not in point. The conditions under which the valuation provided by the terms of that Schedule come into operation are contained in Section 23 and 37 and Clauses XVII and XIX of the First Schedule and Clause V of the Third Schedule respectively to the Act. These are limited to the following cases :— (*i*) Purchase of transmission lines when they are required for a scheme of the Electricity Board [See Section 28(e) of the Electricity (Supply) Act, 1948.] (Clearly the purpose of such schemes is to provide for an integrated or grid system of electric supply and as such some power may be vested in the authority to acquire transmission lines which could be used for the grid supply as a whole.) (*ii*) An option is given to the licensee to sell his station in case it is a controlled station and is closed down under the provisions of Part III, Clause XVII of the First Schedule to the E.(S). Act, 1948.
130	27	7(2)	See serial No. 125	

1	2	3	4	5
				(The option there is vested in the licensee who, if he wishes, may sell the station as he likes, or requires the Board to buy, and receive a supply from the Board and distribute it to his consumers). (*iii*) A similar option is also given under the Third Schedule to the same Act (Clause V). (This applies to stations which are not controlled stations and which are covered by the terms of Section 36 whereas a result of a scheme, a station within the area where the scheme operates requires to be closed. It, therefore normally applies to an uneconomic station as in fact does a station which is required to be closed down in terms of Clause XVII of the First Schedule. Both these are very special conditions and in both cases the option is to the Licensee to sell the station, or at his option to sell the undertaking).
130	27	7(2)	(Please see Serial No. 125.)	Whatever may be thought of the constitutionality of the purchase provisions of the 1948 Act the normal rights of the licensee as granted by the Act of 1910 must be preserved, for here the application is much more serious and widespread. Any other alternative will certainly bring about a crisis in the investment market with particular reference to public utilities since the investing public must conclude that the State does not intend to honour its obligations given at the time of the grant of the license namely, that when the State takes over, it will pay the fair value for the assets comprising the undertaking, particularly as by the terms of the clause itself no valuation is to be given for goodwill and no extra element provided for compulsory purchase unless this is originally provided for in the license itself. There is no reason further why the two year notice in writing for election to purchase the undertaking provided by sub-clause (4) of the Section should be re-

130	27	7(2)	Please see Serial No. 125.	duced to one year. Under modern conditions, it is all the more desirable that as long a time should be granted as possible. Furthermore, the period within which the first option to purchase the undertaking should be exercised is sought to be cut down from 50 years to 20 years in the interests, it is claimed of " rationalisation" of the industry. It is not understood what rationalisation has got to do with the matter. There are many undertakings which have been with licensees for well over 20 years and in some cases well over 50 years. Surely, the reduction of the period on the expiry of which compulsory purchase takes place cannot be applied with retrospective effect to existing undertakings. The Federation, when it gave evidence before the Shroff Committee recently, remarked to the Committee (Page 6 of the Minutes enclosed) as follows :— "The Federaion had heard that there might be some intention of the Central Government to amend the provisions of the Electricity Act of 1910 in regard to compensation to be paid to licensees on ultimate acquisition under their licenses. At present this compensation was to be based on "Fair Market Value" at the time of acquisition, plus a solatium for compulsory purchase. If any attempt to alter this basis was made, as in the direction of substituting written down book value, the Federation thought that it would put final account to the possibility of raising further finance for the Industry, even though at present any such move appeared to to the Federation to be unconstitutional". The Federation's reasons for having said this may now be expanded. The accounting fiction whereby the value of an asset is deemed to decline at a certain rate till it becomes nil, or nearly so, at the end of an arbitrarily fixed period of years is only a convenient device for purposes of annual book-keeping. It certainly does not follow that such a device could or should be used to determine the true value of the asset at any time. Indeed the asset may have reached for example, the end of its "accounting" life, but by reason of such factors as the quality of maintenance afforded to it and its general utility etc., it may have more years of actual useful life remaining to
130	27	7(2)	Please see Serial No. 125.	

1	2	3	4	5	6
				it. Further if the value of money has changed, the value of the asset in terms of money will also change, of which the accounting fiction takes no regard. Besides under the particular fiction adopted by the Electricity (Supply) Act (Sixth Schedule, Clause VI) there are, even there, two different methods of accounting "Depreciation," each of which will give a different value at any given time; and it is not clear which method is meant to be taken under the proposal. In any event it is certain that a historical cost less depreciation formula will have results which are either equal to, greater than, or less than, "fair market value" as prescribed in the existing Act. That the results would ever be exactly equal is so improbable that this contingency can be disregarded. The first possibility, therefore, is that the results of the proposed formula will be greater than the fair market value, perhaps due to bad maintenance of the asset, or to deflation or other factors. There the purchasers will be the losers by the proposed change. The second possibility then is that the results will be less than the fair market value due to the asset having extended utility at time of purchase, or to inflation etc. There the licensees will be the losers by the proposed change. In other words the conclusion cannot be escaped that the proposed change will substitute something which is not fair for the present formula which is, and which is described as, the "fair market value".	
130	27	7(2)	Please see Serial No. 125	*The Federation of Electricity Undertakings of India, Bombay & Bengal Chamber of Commerce and Industry , Calcutta for last 3 paras.*: If the foregoing is correct, as we think must be accepted, what is the justification for Government to alter the present "fair market value" formula when the following two great moral factors point against doing so ? First the change undermines, as stated earlier, the principle of the sanctity of contracts. Licensees were induced to invest money in the Electric Supply business in terms of the existing method of	

		valuation for purchase. It is highly improper, therefore, to substitute arbitrarily a method which is the negation of the fair market value they accepted as the basis of their acceptance of a license. Secondly the change would mean for reasons we have described, that Government merely enters upon a gamble that the change will, in the result, be more disadvantageous or unfair to the licensees than it will be to the purchasers Again, from the legal aspect the Federation greatly doubts in view of the recent Supreme Court Judgement in the case of State of West Bengal *vs.* Mrs. Bella Banerjee and others (Civil Appeal No. 123 of 1952 —copy enclosed), whether the proposed change would carry any legal weight at all. The Supreme Court has held (Para 6) that "what is determined as payable must be compensation, that is, a just equivalent of what the owner has been deprived of". The Court also held that this "is a justiciable issue to be adjudicated by the Court". It will, therefore, appear that it is the Electricity (Supply) Act, 1948, which needs amendment in respect of its valuation for purcahse provisions, and not the 1910 Act. The 1948 Act incidentally, in respect of its valuation for purchase provisions, also appears to be in exactly the same position as the Madras Electricity Supply Undertakings (Acquistion) Act, 1949, which the Supreme Court has held invalid.
7(2)	Do..	One can appreciate an urge to attempt simplification of complicated problems. One cannot, however abandon justice in the process, and for all the above reasons, we recommend the proposal be abandoned. Indeed, we, especially suggest that even the fact of the Board having thought of such a proposal be not divulged for the reasons the Federation has given to the Shroff Committee as quoted above. For reasons already given, the fair market value formula should be retained. In any case, the proposed alternative formula should only be applied, if at all, to new licensees coming into effect after the proposed amendment of the Act of 1910. It could be claimed in their cases that they had notice of the amended provisions of the Act and therefore, took their licenses on the basis that their undertakings were liable to be purchased on a written down cost

3	3	5	6
		basis. It is, however, extremely doubtful if anyone would accept a license on such terms.	
7(2) .	Please see Serial No. 125 .	*The Federation of Electricity undertakings of India, Bombay and Bengal Chamber of Commerce and Industry, Calcutta for last 3 paras.* Extract from All India Reporter, Vol. 41, Part 482, February, 1954. A.I.R. 1954 S.C. 170 (Vol. 41 C.N.34) from Clacutta A.I.R. 1951 Cal. 111 and A.I.R. 1952 Cal. 554. 11th December, 1953. Patanjali Sastri, C.J. Mahajan, S.R. Das, Ghulam Hasan and Jagannadhadas JJ. State of West Bengal *vs.* Mrs. Bella Banerjee and others *Respondents* Civil Appeal, No. 123 of 1952. (*a*) West Bengal Land Development and Planning Act (21 of 1948), S. 8—Constitutionality—Constitution of India Act, Art. 31(5) and (6)—Scope and object. Article 31(6) is intended to save a State Law enacted within 18 months before the commencement of the Constitution provided the same was certified by the President, while, Art. 31(5) saves all existing laws passed more than 18 months before the commencement of the Constitution. Reading the two clauses together, the intention is clear than an existing law passed within 18 months before January 26, 1950, is not to be saved unless it was submitted to the President within 3 months from such date for his certification and was certified by him. The provision in Section 8 of the W. B. Land Development and Planning Act, relating to the conclusiveness of the Declaration of Government as to the nature of the purpose of the acquisition held is unconstitutional and is not saved by Art. 31(5) of the Constitution. (Para 3)	
7(2)	Do.	(*b*) West Bengal Land Development and Planning Act (21 of 1948), S.8. Proviso (b)—Validity—Constitution of India Art. 31(2) —Measure of Compensation—Scope for legislative discretion—Principle	

				which determines compensation which denies increment in value.
130	27	7(2)	Do.	*The F.E.U., of India, Bombay and Bengal Chamber of Commerce and Industry, Calcutta for last 3 paras.* While it is true that the legislature is given the discretionary power of laying down the principles which should govern the determination of the amount to be given to the owner for the property appropriated, such principles must ensure that what is determined as payable must be compensation, that is, a just equivalent of what the owner has been deprived of. Within the limits of this basic requirement of full indemnification of the expropriated owner, the Constitution allows free paly to the legislative judgment as to what principles should guide the determination of the amount payable. Whether such principles take into account all the elements which make up the true value of the property appropriated and exclude matters which are to be neglected, is a justifiable issue to be adjudicated by the Court. (Para 6) Considering that the West Bengal Act 21 of 1948 is a permanent enactment and lands may be acquired under it many years after it came into force, the fixing of the market value on December 31, 1946, as the ceiling on compensation under the latter part of the proviso to S. 8, without reference to the value of the land at the time of the acquisition is arbitrary and cannot be regarded as due compliance in letter and spirit with the requirement of Art. 31(2). For, the fixing of an anterior date for the ascertainment of value may not, in certain circumstances, be a violation of the Constitutional requirement as, for instance, when the proposed scheme of acquisition becomes known it is launched and prices rise sharply in anticipation of the benefits to be derived under it, but the fixing of an anterior date, which might have no relation to the value of the land when it is acquired, may be, many years later, cannot but be regarded as arbitrary. Any principle for determining compensation which denies to the owner any increment in value cannot result in the ascertainment of the true equi valent of the land appropriated.

1	2	3	4	5	6
130	27	7(2)—*contd.*		*The F.E.U., of India, Bombay and Bengal Chamber of Commerce and Industry, Calcutta for last 3 paras.* Mr. M.C. Setalvad, Attorney General of India and Shri N.C. Chatterjee, Senior Advocate (Shri B. Sen, Advocate with them) instructed by Shri P.K. Bose, Agent for the State, Shri Atul Chandra, Senior Advocate (Shri S.P. Ghosh, Advocate, with him), instructed by Shri S.C. Banerjee, Agent for Respondents (Nos. 1, 2 and 3); Shri M.C. Setalvad, Attorney General for India (Shri G. N. Joshi, Advocate with him), instructed by Shri G.H. Rajadhyaksha, Agent for intervener (The Union of India). (Para. 7). CASE REFERRED (A) 72 Com-WLR 269 The Judgement of the Court was delivered by PATANJALI SASTRI, C.J. : This is an appeal from a judgment of the High Court of Judicature at Calcutta declaring certain provisions of the West Bengal Land Development and Planning Act, 1948, (hereinafter referred to as the "impugned Act") unconstitutional and void. (2) The impugned Act was passed on October 1, 1948, primarily for the settlement of immigrants who had migrated into the Province of West Bengal due to the communal disturbances in East Bengal and it provides for the acquisition and development of land for public purposes including the purpose aforesaid. A registered Society called the West Bengal Settlement Kanungoe Co-operative Credit Society Ltd., Respondent No. 4 herein, was authorised to undertake a development scheme, and the Government of the State of West Bengal, the appellant herein, acquired and made over certain lands to the Society for purposes of the development scheme on payment of the estimated cost of the acquisition.	

130	27	7(2)—*contd.*	*The F.E.U. of India, Bombay and Bengal Chamber of Commerce and Industry, Calcutta for last 3 paras.*

On July 28, 1950, the Respondents 1 to 3, the owners of the lands thus acquired, instituted a suit in the Court of the Subordinate Judge,II Court at Alipore, District 24-Paraganas, against the Society for a declaration that the impugned Act was void as contravening the Constitution and that all the proceedings taken thereunder for the acquisition aforesaid were also void and of no effect and for other consequential reliefs. The State of West Bengal was subsequently impleaded as a defendant. As the suit involved questions of interpretation of the Constitution, Respondents 1 to 3 also moved the High Court under Art. 228 of the Constitution to withdraw the suit and determine the constitutional question.

The suit was accordingly transferred to the High Court and the matter was heard by a Division Bench (Trevor Harries C.J. and Banerjee J.) who, by their final judgment, held that the impugned Act as a whole was not unconstitutional or void save as regards two of the provisions contained in S. 8 which, so far as it is material here runs as follows :—

"A declaration under S. 6 shall be conclusive evidence that the land in respect of which the declaration is made is needed for a public purpose and after making such declaration, the Provincial Government may acquire the land and thereupon the provisions of the land Acquisition Act, 1894 (hereinafter in this Section referred to as the said Act), shall, so far as may be, apply:—

Provided that—

(*b*) in determining the amount of compensation to be awarded for land acquired in pursuance of this Act the market value referred to in clause first of sub-section (1) of S. 23 of the said Act shall be deemed to be the market value of the land on the date of publication of the notification under sub-section (1) of S. 4 for the notified area in which the land is included subject to the following condition, that is to say—

"if such market value exceeds by any amount the market value of the land on the 31st day of December 1946, on the assumption that the land had

1		3	4	5	6
130	27	7(2)—*contd.*		been at that date in the State in which it in fact was on the date of publication of the said notification the amount of such excess shall not be taken into consideration." The provision making the declaration of the Government conclusive as to the public nature of the purpose of the acquisition and the limitation of the amount of compensation so as not to exceed the market value of the land on December 31, 1946, were declared "ultra vires" the Constitution and void. (3) The Attorney-General appearing for the appellant, rightly conceded that in as much as art. 31(2) made the existence of a public purpose a necessary condition of acquisition, the existence of such a purpose as a fact must be established objectively and the provision in S. 8 relating to the conclusiveness of the declaration of Government as to the nature of the purpose of the acquisition must be held unconstitutional but he contended that the provision was saved by Art. 31(5) of the Constitution which provides : "Nothing in Clause (2) shall affect —(a) the provisions of any existing law other than a law to which the provisions of Clause (6) apply, or.....". Clause (6) reads thus :— "Any law of the State enacted not more than 18 months before the commencement of this Constitution may within three months from such commencement be submitted to the President for his certification ; and thereupon, if the President, by public notification so certifies, it shall not be called in question in any court on the ground that it contravenes the provisions of clause (2) of this Article or has contravened the provisions of sub-section (2) of S. 299 of the Government of India Act, 1935." It was argued that the impugned Act having been passed within 18 months before the commencement of the Constitution and not having been submitted to the President for his certification, it was a law to which the provisions of Clause (6) did not apply and, therefore, as an existing	

130	27	7(2)—*contd.*		law, the impugned act was not affected by Clause (2) of that Article. The argument is manifestly unsound, Article 31(6) is intended to save a State law enacted within 18 months before the commencement of the Constitution provided the same was certified by the President, while Art. 31(5) saves all existing laws passed more than 18 months before the commencement of the Constitution. Reading the two clauses together, the intention is clear that an existing law passed within 18 months before January 26, 1950, is not to be saved unless it was submitted to the President within three months from such date for his certification, and was certified by him. The argument, if accepted, would reduce Art. 31(6) to a meaningless redundancy. (4) The only serious controversy in the Appeal centred round the constitutionality of the " condition" in proviso (b) to S. 8 limiting the compensation payable so as not to exceed the market value of the land on December 31, 1946. The Attorney-General while conceding that the word "compensation" taken by itself must mean a full and fair money equivalent, urged that, in the context of Art. 31(2) read with Entry No. 42 of List III of the Seventh Schedule, the term was not used in any rigid sense importing equivalence in value but had reference to what the legislature might think wa s a proper indemnity for the loss sustained by the owner. Article 31(2) provides : "No property, movable or immovable including any interest in, or in any company owning, any commercial or industrial undertaking, shall be taken possession of or acquired for public purposes under any law authorising the taking of such possession or such acquisition, unless the law provides for compensation for the property taken possession of or acquired and either fixes the amount of the compensation, or specifies the principles on which and the manner in which the compensation is to be determined and given."

1	2	3	4	5	6
130	27	7(2) (*contd.*)		*The Federation of Electricity Undertakings of India Bombay and Bengal Chamber of Commerce and Industry, Calcutta for last* 3 *paras.* and entry 42 of List III reads thus :— "Principles on which compensation for property acquired or requisitioned for the purposes of the Union or of a State or for any other public purpose is to be determined, and the form and the manner in which such compensation is to be given." (5) It is argued that the term "compensation" in Entry 42 could not mean full cash equivalent, for then, the power conferred on the legislature to lay down the principles on which compensation is to be determined and the form and the manner in which such compensation is to be given would be rendered nugatory. On the other hand, the Entry showed that the compensation to be given was "only such compensation" as was determined on the principles laid down by the law enacted in exercise of the power, and as the concluding words used in Art. 31(2) are substantially the same as in the Entry, the Constitution, it was claimed left scope for legislative discretion in determining the measure of the indemnity. (6) We are unable to agree with this view. While it is true that the legislation is given the discretionary power of laying down the principles which should govern the determination of the amount to be given to the owner for the property appropriated, such principles must ensure that what is determined as payable must be compensation, that is, a just equivalent of what the owner has been deprived of. Within the limits of this basic requirement of full indemnification of the expropriated owner, the Constitution allows free play to the legislative judgment as to what principles should guide the determination of the amount payable. Whether such principles take into account all the elements which make up the true value of the property appropriated and exclude matters which are to be neglected, is a justiciable issue to be adjudicated by the Court. This indeed was not disputed.	

(7) Reference was made to certain Australian cases where the opinion was expressed that the terms of compulsory acquisition of property were matters of legislative policy and judgment. The decisions largely turned o n the absence of any constitutional prohibition in regard to deprivation of private property without compensation as in the Fifth Amendment of the American Constitution and on the use of the words "just terms" instead of "compensation" in S. 51 (xxxi) of the Commonwealth Constitution which conferred power on the Parliament to make laws with respect to "the acquisition of property on just terms from any State or person....." [cf.—"Grace Brothers Pty Ltd., v The Commonweatlth", 72 Com-W LR 269(A)] Those decisions, therefore, are of no assistance to the appellant here.

(8) Turning now to the provisions relating to compensation under the impugned Act, it will be seen that the latter part of the proviso to S. 8 limits the amount of compensation so as not to exceed the market value of the land on December 31, 1946, no matter when the land is acquired. Considering that the impugned Act is a permanent enactment and lands may be acquired under it many years after it came into force, the fixing of the market value on December 31, 1946, as the ceiling on compensation, without reference to the value of the land at the time of the acquisition is arbitrary and cannot be regarded as due compliance in letter and spirit with the requirement of Art. 31(2). The fixing of an anterior date for the ascertainment may not in certain circumstances, be a violation of the constitutional requirement as, for instance when the proposed scheme of acquisition becomes known before it is launched and prices rise sharply in anticipation of the benefits to be derived under it, but the fixing of an anterior date, which might have no relation to the value of the land when it is acquired, may be, many years later cannot but be regarded as arbitrary. The learned judges below observe that it is common knowledge that since the end of the war, land, particularly around Calcutta, has increased enormously in value and might still further increase very considerably in value when the pace of industrialisation increases. Any principle for determining compensation which

1	2	3	4	5	6
				denies to the owner this increment in value cannot result in the ascertainment of the true equivalent of the land appropriated. (9) We accordingly hold that the latter part of proviso (*b*) to S. 8 of the impugned Act which fixes the market value on December 31, 1946, as the maximum compensation for lands acquired under it offends against the provisions of Art. 31(2) and is unconstitutional and void. The appeal is dismissed with costs.	This may be discussed.
131	27	New 7(2) . .	Please see serial No. 130 . .	*Bombay Chamber of Commerce, Bombay*-1. In the opinion of the Chamber, Section 7(2) offends against the principle of the sanctity of contracts, since the Electricity Undertakings were given licences in terms of the 1910 Act which stipulated that upon compulsory acquisition they would be paid the "fair market value " of their undertakings. But these proposals offend also against the Supreme Court judgment, in the case of Bela Banerjee *versus* State of West Bengal and others, that compensation must be equivalent to the value taken away and must be justifiable. The Chamber considers that even a proposal to alter the basis of compensation would put an end to any possibility of electricity undertakings raising further capital for the performance of their public duties.	Do.
132	Do. .	Do. . .	Ditto. . . .	*The Bengal Chamber of Commerce and Industry, Calcutta* Comments have already been made on the advisory Board's proposal to substitute "depreciated cost" for "fair market value". (Serial No. 112). The first proviso to Clause 7(2) (ii) is acceptable. The terms of the second and third provisos are also acceptable. No objection subject to the terms of the acquisition being based on "fair market value"	Do.
133	Do. .	Do. . .	Ditto. . . .	*Madhya Pradesh Electricity Board, Nagpur.* *First.*—The principle feature of C.W.P.C's. a proposal is to substitute nett book market value and not fair market value. A principal objection to this	Under section 7(1), the purchaser is not required to purchase assets which are not suitable for the purposes of the undertaking.

proposal would be that where a licensee collects his assets having suffered obsolescences may not be in a condition ready for immediate working (even their book value may be high). The purchaser can take due consideration of above. If on the other hand, if the nett book value has to be paid, it will be irrespective of the condition of the plant; and in the case of an unscrupulous licensee, the book value can be inflated and be far in excess of the fair market value.

Notwithstanding this, the balance of advantage would be to adopt nett book value as proposed by CWPC.

3. If the fair market value basis is decided upon, it is necessary to limit the purchase price including solatium on account of compulsory purchase to twice the nett value and to guarantee the licensees :

Where it falls below this, to payment of the same, as a minimum.

PROPOSED TEXT :

As per CWPC's draft.

If the basis of nett book value is not accepted, redraft sub-section (2) as below :—

"The purchase price of the undertaking shall be deemed to be the fair market value at the time of their purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works and plant and the state of repair thereof. Obsolescence, if any and to the circumstances that they are in such a position as to be ready for immediate working and to the suitability of the same for the purpose of the undertaking.

Provided *first*—

Where the fair market value so determined together with solatium, if any, exceeds the net depreciated value of the assets, the latter shall be the purchase price.

Secondly—

in no case, the purchase price payable including solatium, if any, on account of compuslory purchase shall be twice the nett depreciated value ;

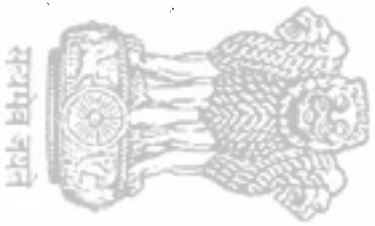
Thirdly—

the time of purchase for the purpose of this section shall be the date of vesting the price to be assessed for determining the fair market value shall be the

This suggestion may not be accepted.

1	2	3	4	5	6
				current published price in an approved journal due allowance being given for freight, handling manufacture and incorporation on works, at the option of the licensee and for items not readily available, the current published stores issue rates of the State Electricity Board or the State Government as the case may be will be followed. *Fourthly*— Subject to the foregoing there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty percent on the net depreciated value of the assets on account of compulsory purchase; (*ii*) the net depreciated value of the undertaking shall be such sum as certified by an auditor or auditors appointed by the State Government in this behalf, to have been the amount properly incurred in and incidental to the establishment of the undertaking less depreciation in respect of the period prior to the date of vesting on the scale below :— (*i*) for land..... under full title including the cost of clearing the site . . . . . Nil. (*ii*) for other assets specified in the table appended to the Seventh Schedule to the Electricity (Supply) Act, 1948, the amount which would be produced by the end of the said portion of the prescribed period, if during that portion, an allowance were made annually on account of depreciation in accordance with the provisions of paragraph (*vi*) of the Sixth Schedule to the E.(S). Act, 1948. Balance as per CWRC's draft. *The Secretary to Government of Madras, P.W.D. Madras.*	
133	27	New 7(2)	**Please see serial No. 130.**		
133A	27	7(2)	**Please see serial No. 125.**	According to the first proviso to the proposed draft section 7(2), the solatium to be paid on account of compulsory purchase would be equivalent to an amount not exceeding 20% of the book value less depreciation of the assets of the undertaking. This Government consider that it is not desirable to provide for the same quantum of solatium in res-	The suggestion to reduce the quantum of solatium in respect of works in progress and stores from 20% to 10% and 5 respectively may be accepted.

				pect also of works under progress and stores, as these would not have started earning any revenue to the undertaking at the time of its purchase. In the Madras Electricity Undertaking (Acquisition) Bill, 1954, the following provision has been made for the calculation of solatium in the case of an undertaking, for which compensation is payable on the basis of the book value of the assets of the undertaking less depreciation : "In case, the licensee is a person licensed under Part II of the Electricity Act, at the rate specified in the licence in respect of compulsory purchase or where no rate is specified in the licence, at 15% on the total value of all completed works in beneficial use and other fixed assets in use on the vesting date, at the rate of ten per cent on the book value of all works in progress handed over to the Government excluding works paid for by consumers and at the rate of 5 % on the book value of all stores including spare parts handed over to the Government." This Government would suggest the adoption of a similar scale for payment of solatium under the proposed revised section 7 in respect of works in progress and stores, so that it may counteract the possibility of the licensees incurring heavy outlay on the execution of works or purchase of stores just on the eve of purchase of the undertaking with a view to obtaining a large amount by way of solatium on these assets.	
134	7(2)	As new 7(3)	(3) ***Where a State Electricity Board has not* (been constituted) the State Government shall have the like option *to purchase* * *on* * like terms and conditions.	*The Bengal Chamber of Commerce and Industry, Calcutta.* No. objection subject to the terms of the acquisition being based on "fair market value". *The Federation of Electricity Undertakings of India, Bombay and Bengal Chamber of Commerce and Industry, Calcutta.*	*Vide* remarks against serial No. 130.
135	27	7(4) .	(4) *Where the State Electricity Board or the State Government has elected to purchase the undertaking*	The notice period to the licensee should be two years. It is a very serious matter for a licensee which will require long preparations in advance.	The notice period of one year which was proposed after due consideration by the Board, in its last meeting, is considered adequate.

1	2	3	4	5	6
			under this section, it shall serve upon the licensee a notice in writing of not less than twelve months of its having elected to purchase: *Provided that, where the State Electricity Board has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under sub-section* (1) *at least fifteen months before the expiry of any of the periods referred to in sub-section* (1). (5) *Where the State Electricity Board or the State Government, having elected to purchase, issue a notice under sub-section* (4), *the licensee shall deliver the undertaking on the day of the expiry of any of the periods referred to in sub-section* (1) *to it pending determination and payment of the purchase price of the undertaking :* *Provided that —* (*i*) *the purchaser shall pay to the licensee a sum not less than* 25% *of the amount properly incurred on and incidental to the establishment of the undertaking less depreciation thereon as shown in the audited statements of account for the year of account of the licensee preceding the date of vesting*		This suggestion may not be accepted.

			or 25% of the paid up share capital, whichever is less, at the time of vesting, and (*ii*) *the payment of the balance of the purchase price together with the interest thereon at the rate of one percentum over the average of the Reserve Bank rate ruling between the dates of vesting and payment, or tender of payment, shall be made to the licensee within two years from the date of vesting unless the purchaser and the licensee arrive at a mutual agreement to the contrary.*		
136	27	7(4)	Ditto. . . .	*The Secretary to Government of Travancore-Cochin, P.W. and Communications Department (Elec. Sec.) Trivandrum.* Since the right to grant a license is with the State Government any notice affecting a license so granted by a State Government has to be issued by them even when the Board elects to purchase an undertaking. Hence the notice contemplated under this Section may be issued only by the State Government and when it is the Board which elects to purchase the undertaking a copy of the notice or an intimation to that effect can be given to the Board. Necessary modification may be made accordingly.	The provision is on the lines of the existing section 7(4) whereby the local authority is empowered to serve a notice on the licensee of its intention to purchase the undertaking. Under section 71 of the Electricity (Supply) Act, 1948 the option of the local authority to purchase has been transferred to the State Electricity Board. The proposed provision is, therefore, in order. This suggestion may not be accepted.
136A	27	7(4)	Please see serial No. 135.	*The Secy. to Govt. of Madras, P. W. D. Madas.* It is observed from the first proviso to the proposed revised section 7(4) that provision has been made therein for payment of only 25% of the computed amount of compensation at the time of vesting of an undertaking. The suggestion of this Govt. made against the proposed revised section 5(1)(*c*), serial No. 110A would apply to this provision also.	*Vide* remarks agianst serial No. 110A.
136B	27	New 7 (4) Proviso (*i*).	Do.	*The Secy. to Govt., Punjab, P. W. D., Electricity Branch, Chandigarh.* The token payment of 25% to be made at the time of vesting may be fixed between 25% to 50%.	Do.

1	2	3	4	5	6
137	27	7(5).	*Where the State Electricity Board or the State Governrment, having elected to purchase, issues a notice under sub-section (4), the licensee shall deliver the undertaking on the day of the expiry of any of the periods referred to in sub-section (1) to its pending determination and payment of the purchase price of the undertaking.* *Provided that,*	***The Federation of Electricity Undertakings of India Bombay and Bengal Chamber of Commerce and Industry, Calcutta.*** The reference to "any of the" periods is very vague. See comments as on 5(1)(*c*) provisos (*i*) and (*ii*).	*Line* (1).—The periods mentioned in section 7(1) refers to the periods when the first and the subsequent options to purchase are exercisable. The statement that the provision is *very vague* is not understood. *Line* (2).—*Vide* remarks against serial No. 106. This suggestion may not be accepted.
138	Do.	Proviso (*ii*).	(i) *the purchaser shall pay to the licensee a sum not less than 25% of the amount properly incurred on and incidental to the establishment of the undertaking less depreciation thereon as shown in the audited statements of account for the year of account of the licensee preceding the date of vesting or 25% of the paid up share capital whichever is less, at the time of vesting, and*	***Shri T. S. Rao, Chief Engineer, B.E.S. and T. undertakings Bombay.*** New sub-section 5, Proviso (ii)— *Line* 3 : The rate of 1% over the average of the Reserve Bank rate does not seem to be equitable to the licensee. This should be raised to the normal borrowing rate of 1½% over the average of the Reserve Bank rate. In this, line substitute "one" by or "one and a half" also.	*Vide* remarks against serial No. 107.
139	Do.	Proviso (i).	(ii) *the payment of the balance of the purchase price together with interest thereon at the rate of one percentum over the average of the Reserve Bank rate ruling between the dates of vesting and payment, or tender of payment, shall be made to the licensee within two years from the date of vesting unless the purchase and the licensee arrive at a mutual agreement to the contrary.*	***Deputy Secretary to the Govt. of Bombay, PWD Bombay-1.*** New sub-section 5, Proviso (i)— In view of the position explained against serial No. 107 the alternate of "or 25% of the paid up share capital, whichever is less is considered to be unnecessray".	Do.

140	Do.	Proviso (*ii*).		*Proviso (ii)* In the view of the position explained in parag raph 2(iii) above this Govt. considers that the interest on unpaid balances should be on par with the ruling "Standdard rate", under the E. (S). Act, 1948.	Do.
141	27	New 7(5) Proviso (ii).	(5) *Where the State Electricity Board or the State Government having elected to purchase issues a notice under, sub-section (4), the licensee shall deliver the undertaking on the day of the expiry of any of the periods referred to in sub-section (1) to its pending determination and payment of the purchase price of the undertaking : Provided that,* * * * * (ii) *the payment of the balance of the purchase price together with interest thereon at the rate of one per centum over the average the Reserve Bank rate ruling between the dates of vesting and payments or tender of payment, shall be made to the licensee within two years from the date of vesting unleess the purchaser and the licensee arrive at a mutual agerement to the contrary.*	*The Secy. to the Govt. of Bihar, Elec. Deptt. Ranchi.* Proviso (ii) may be reworded as suggesetd under Section 5(1)(*c*) for the reasons stated there. *The Secy. to Govt. of Andhra, P. W. and Transport Deptt ,Kurnool.*	*Vide* remarks agianst serial No. 109.
142	27	7(3)(*b*) as new 7 (6)(b).	(6) Where a purchase has been effected under sub-section (1) or sub-section * (3). * * * * (b) save as aforesaid the licensee shall remain in force, and the purchaser shall be deemed to be the licensee.	If the suggestion made against item 6, *viz* that it is not necessary to make the proposed amendment to section 2(h), imposing on the State Government certain powers and obligations of a licensee, is accepted, the existing proviso to section 7(3)(b) may be retained. *Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking Bombay.*	In view of the remarks agianst serial No. 133, this suggestion may not be accepted.
143	28	8	8. Provisions where no purchase and license reovked with con-	In the heading, after the words, "no purchase" add "by the authority or State Government"	

1	2	3	4	5	6
			sent of licensee. Where, on the exp iration of any of the periods referred to in section 7, sub-section (1), neither*** *the State Electricity Board* nor the State Government purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall have the option of disposing of all lands, building, works, materials and plant belonging to the undertaking in such manner as he may think fit : Provided that, if the licensee does not exercise such option within a period of six months, the State Government may proceed to take action as provided in the proviso to subsection (4) of Section 5**:	This is in conformity with the proposal for giving the first option of 'purchase to the local authority'. In line, 4, after "neither" add " the Local Authority."	
144	..	10(*a*).	10. GENERAL POWER FOR GOVERNMENT TO VARY TERMS OF PURCHASE— Notwithstanding anything in sections 5, 7 and 8, the State Government may in any licence to be granted under this Act, (a) vary the terms and conditions upon which, and the periods on the expiration of which the licensee shall be bound to sell his undertaking, or * * * *	*Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking Bombay.* Delete the words "and the periods on the expiration of which.	It is not advisable to withdraw the powers of the State Govt. to vary the period of the licence within the limits specified in section 7. This suggestion may not be accepted.
145	..	11	11. ANNUAL ACCOUNTS OF LICENSEE (1) Every	*M. P. Electricity Board, and Govt. of M.P., Electricity Deptt., Nagpur* With the enactment of E. (S). Act, 1948, the financial control over licensees has now passed on to the Board ;	Under this section, the State Govt. is authorised to direct the licensee to render

			licensee shall, unless expressly exempted from the liability by his license, or by order in writing of the State Government, prepare and render to the State Government or to such authority as the State Govt. may appoint in this behalf, on or before the prescribed date in each year, an annual statement of accounts of his undertaking made up to such date, in such form, and containing such particulars, as may be prescribed in this behalf. (2) The licensee shall keep copies of such annual statement at his office and sell the same to any applicant at a price not exceeding five rupees per copy.	hence the accounts should, in the first instance, be submitted to the Board. (In our State, this has already been prescribed). (2) There will be exemption to submission of accounts. (3) Experience has indicated a necessity to make it obligatory for licensee to furnish such further details, information or elucidation respecting their accounts. This is necessary to ensure closer scrutiny of accounts of individuals where called for. PROPOSED TEXT : Existing Section to be revised as follows : 1. Every licensee shall prepare and render to the State Electricity Board and to the State Government or to such authority as the State Government may appoint in this behalf where no Board is constituted on or before the prescribed date in each year, an annual statement of accounts and statistics of his undertaking made up to such date, in such form and containing such particulars, as may be prescribed in this behalf. He shall, where called upon by the State Electricity Board or the State Government as the case may be, expedititiously furnish such further details, information or elucidation in respect of his accounts.	his accounts to any authority as may be appointed by it. As under the Electricity (Supply) Act, 1948 the State Electricity Boards are empowered to exercise control over the financial operations of a licensee, it is to be presumed that the State Govt. would nominate the Board for the purpose. The amendment to the section as proposed is not, therefore, necessary. As the State Govt. is aware that the function of the State Electricity Board is to rationalise the production and supply of energy in the State and to exercise control over the financial operation of the licensee, it will not grant exemption to any licensee from preparing and rendering the accounts of his undertaking. Not even a single instance where the State Government has exempted a licensee in this regard is known. This suggestion may not be accepted. As regards enabling the State Govt. to call upon the licensee to furnish further details in respect of his accounts etc., provision to this effect has already been made in the revised Indian Electricity Rules, *vide* (Draft) Rule 26(4). Further, with the constitution of the State Electricity Board such powers would not be required by the State Govt. as it would not be concerned with the financial operations of the licensee.
146	—	12	12. PROVISIONS AS TO THE OPENING AND BREAKING UP OF STREETS, RAILWAYS AND TRAMWAYS.—(1) Any licensee may, from time to time but subject always to the terms and conditions of his license, within the area of	*Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking, Bombay.* The heading as worded in the Act is restrictive and all the provisions under this heading may be interpreted in law as being restricted to the opening and breaking up of streets, railways and tramways only, whereas the intention is that the clause should also apply to the laying and placing of electric supply lines.	

1	2	3	4	5	6
			supply, or, when permitted by the terms of his license to lay down or place electric supply-lines without the area ofsupply, without that area— (*a*) open and break up the soil and pavement of any street, railway or tramway; (*b*) open and break up any sewer, drain or tunnel in or under any street, railway or tramway; (*c*) lay down and place electric supply-lines and other works; (*d*) repair, alter or remove the same; and (*e*) do all other acts necessary for the due supply of energy. (2) Nothing contained in sub-section (1) shall be deemed to authorise or empower a licensee, without the consent of the local authority or of the owner and occupier concerned, as the case may be, to lay down or place any electric supply-line, or other work in, through or, against any building, or on over or under any land not dedicated to public use whereon, wherever or whereunder any electric supply-line or work has not already been lawfully laid down or placed by such licensee ; Provided that any support of an aerial line or any stay or strut required for the sole pursose of securing in position any	The heading may be amended to read as under :— "Provisions for Laying and Placing Electric Supply Lines and for the Opening and Breaking up of Streets, Railways and Tramways".	

suport of an aerial line may be fixed on any building or land or, having been so fixed, may be altered, not withstanding the objection of the owner or occupier of such building or land, if the District Magistrate or, in a Presidency-town **the Commissioner of Police, by order in writing so directs:

Provided, also, that, if at any time the owner or occupier of any building or land on which any such support, stay or strut has been fixed shows sufficient cause, the District Magistrate or, in a Presidency-town** the Commissioner of Police may by order in writing direct any such support, stay or strut to be removed or altered.

(3) When making an order under sub-section (2), the District Magistrate or the Commissioner of Police, as the case may be, shall fix the amount of compensation or of annual rent, or of both, which should in his opinion be paid by the licensee to the owner or occupier.

(4) Every order made by a District Magistrate or a Commissioner of Police under subsection (2) shall be subject to revision by the State Government.

(5) Nothing contained in subsection (1) shall be deemed to authorise or empower any licensee to open or break up any street not repairable by the Central Government or the State Government or local authority, or any railway or tramway, except such streets,

1	2	3	4	5	6
			railways or tramways (if any), or such parts thereof, as is specially authorised to break up by his license, without the written consent of the person by whom the street is repairable or of the person for the time being entitled to work the railway or tramway, unless with the written consent of the State Government : Provided that the State Government shall not give any such consent as aforesaid, until the licensee has given notice by advertisement or otherwise as the State Government may direct, and within such period as the State Government may fix in this behalf, to the person above referred to, and until all representations or objections received in accordance with the notice have been considered by the State Government.		This suggestion may not be accepted.
				The Federation of Electricity Undertakings of India, Bombay.	
147	...	12	Do.	Much difficulty is being experienced by reason of land-lords refusing to permit services to be installed in the premises occupied by their tenants. It is for consideration that this matter should be carefully considered to see that land-lords cannot unreasonably withhold such sanction. An amendment to Section 12(2) of the Act, therefore, appears to be called for. Another point here is that certain undertakings have pointed out that in response to requests from owners of private lands cross country transmission lines previously laid have to be shifted, as the existing Act does not give licensees sufficient protection. The Federation had brought this point to the attention of the C. W. & P. C. in 1950 and a copy of the	The proposal to empower the licensee to place his works on owner's premises, without the latter's consent, for giving supply to an occupier was discussed at length in the 2nd meeting of the Board (*vide* serial No. 1) of the statement of the proposals for amendments received after the preparation of the proposed amendments to the Act by the Central Water & Power Commission (Power Wing) and it was decided to maintain *status quo*. Similarly the proposal relating to the shifting of transmission lines at the request of the owner of the land was also discussed and

representation then made is reproduced below. It is for consideration that the Act be amended suitably to cover this contingency also.

COPY

The Federation of Electricity Undertakings of India.

Ref: No. FEU/2/1524/50

Registered Office :
Killick Building,
Home Street, Bombay,
22nd November, 1950.

The Central Electricity Commission,
Cleremont, The Mall, Simla.

Dear Sirs,

Shifting of Transmission Lines.

The West Ramnad Elec. Distribution Co. Ltd. has pointed out that in response to requisitions from some owners of private lands, cross country transmission lines previously laid have to be shifted as the existing Act does not give licensees sufficient protection. Such shifting involving high tension feeders will put the licensee in heavy expense and other difficulties mentioned by the licensee are—

(*a*) There will be no end of such shifting unless protection is given;
(*b*) it is impossible to lay cross country mains avoiding private sites altogether ;
(*c*) there are many difficulties in obtaining clear wayleaves from the owners of private sites ;
(*d*) if the line is to be strung out along public roads, avoiding private sites, many trees will be liable to be cut, with resultant traffic accidents and danger to life and property ;
(*e*) the line will be indirect and, therefore, unnecessarily expensive.

This is a matter of vital importance to many undertakings who propose to launch out on rural electrification schemes involving cross country runs with H.T. and L.T. supply lines and the Madras Presidency Elec. Licensees Association and the licensees concerned have taken up the matter with the Local Government (please see copies attached).

Presumably, this matter may have already received the attention of the Advisory Technical Committee of

it was decided to maintain *status-quo* (*vide* serial No. 2 of the above statement and item 48 of the statement of the Drafts of the various sections of the Act proper based on the decisions taken by the Advisory Boards in its 1st meeting.)

This suggestion may not be accepted

1	2	3	4	5	6
				the C.E.B. constituted to consider revisions to the I. E. Rules, 1937, but in case it has not been so, the Committee of the Federation would be grateful if the points dealt with are considered before the draft amendments to the Rules are finalised. Yours faithfully, Sd. R. P. AIYER, *Secretary.* *M. P. Electricity Board, Nagpur.*	
148	..	12	Please see serial No. 146.	*WORKS* Provisions as to the opening and breaking up of street Railways. This section has to benesnlarged to safeguard the owners of transmission lie against demand for realignment of supply lines; wt had a number of such requests The C.B.I. has felmanecessity and resolved in 1947. requesting Government to appoint a Committee. C.E.C. has in his first proposals provided for a revision of this section suitably and to make it independent of Indian Telegraph Act, in the present proposals, no such amendment is proposed. The necessity is still there; and is proposed to be met by enlarging section 14. *The Secretary to Govt. of U.P., Power (B) Deptt., Lucknow.*	*Vide* remarks against serial No. 147.
149	..	12(1)	Do.	The State Govt. had suggested in their letter No. 1460-EL/XXIII-228-EL/50, dated July 12, 1951, against serial No. 28 [Sec. 12(1)] (informal comments of the members of the C.E.B.) that disputes arising in connection with the opening and breaking up of streets, railways etc. should be referred to a District Judge and that where the position of an electric supply line was altered at the instance of a local authority, the authority concerned should bear the cost of such alteration. These suggestions have not been incorporated in the second draft of the amendments received with the Govt. of India, Ministry of I. & P's letter No. EL-II-213(4), dt. 18/2/54. It is, however,	The same suggestion was not accepted by the Board in its 1st meeting, *vide* serial No. 111 of the statement on the comments of the members of the Central Electricity Board on the proposed amendments to the Act. Also *vide* remarks against serial No. 147.

				felt that in order to avoid disputes which are likely to arise in such cases, it would be preferable to specify clearly who will bear the cost of such alterations. This Govt. would, therefore, suggest that both the suggestions be included in the final draft. *Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking, Bombay.*	
150	28	12(2)	Do.	The landlord's permission is necessary for giving supply to a new consumer for the first time. The landlord's permission is also necessary for laying a separate service cable or line for each block on requisition being received from one single consumer in each block. It is considered that the landlord's consent is not necessary to give supply to other consumers in the block in the same premises or neighbouring premises be tapping from the main service or for effecting a change in the nature of supply, such as changeover from D.C. to A.C. through the service already laid or by replacing the original service. Under Section 12(2), add the following proviso :— "Provided that where a service line has already been laid to a building, the licensee is entitled to give supply of energy by tapping such service line to other consumers in the same or neighbouring building or effecting a change in the nature of supply either through the service already laid or by replacing such service, with or without the consent of the owner or occupier for whom the service was first laid." *Dy. Secy. to Govt. of Bombay, PWD., Bombay.*	If the licensee has already laid an electric supply line with the consent of the landlord (owner) on his premises for giving supply to one of his tenants (occupier), it is not necessary for the supplier to obtain the consent again for laying a further electric supply line for giving supply to another tenant on the same premises. For tapping the existing service line on a premises for the purpose of giving supply to a neighbouring premises it is necessary to obtain the consent of the landlord of the first premises. This suggestion may not be accepted.
151	28	12(2)	Please see serial No. 146.	The Advisory Board has not proposed any amendment to this section. In this connection it may be stated that the State Govt. has received several complaints that in view of the existing provisions of Section 12(2) of the Act, certain landlords refuse consent to tenants taking electric supply in the premises occupied by them. In this connection attention is invited to the letter No. F. 14-131/5 C.S. (P), dated the 11th November 1952, from the Govt. of India, Ministry of Food and Agriculture (Agri)., wherein it was stated that a proposal to amend section 12(2) of the Act to enable a licensee to lay and place Electric Supply lines on land other than that covered by buildings, pleasure grounds or gardens etc. with out the consent of the	

Dy. Secy. to Govt. of Bombay, PWD., Bombay.

owners was already under their consideration. In this Govt. letter No. IEA 1152K dated 28/11/53, addressed to the Secy. to the Govt. of India, Ministry of I. & P., it was requested that the proposed amendment of section 12(2) of the Act, contemplated by the Govt. of India should also include a provision to enable the tenants in buildings etc., to obtain electric supply in their premises on an independent meter without the consent of the landlord. In letter No. EL-11-213(12) dt. 26-12-53 from the Govt. of India, Min. of I. & P., it was stated that the proposal to amend this section has been sent to the Advisory Board set up in terms of section 35(1) of the said Act. It seems that the Advisory Board is not inclined to acccept these proposals. As much difficulty is being experienced by certain tenants by reason of the landlord's refusal to permit services to be installed in the premises occupied by tenants, I am directed to request that the proposals made by this Govt. may be reconsidered and suitable amendments may be carried out in the existing section 12(2) of the Act. (Copies of the correspondence referred to above are reproduced below :—

COPY of letter No. IEA 1152K dt. 28/11/53 from Shri P. R. Joshi, B.E., Dy. Secy. to the Govt. of Bombay PWD., Bombay Castle (Bombay No. 1) to the Secy. to the Govt. of India, Min. of I. & P., New Delhi.

SUBJECT : AMENDMENT OF THE I.E. ACT, 1910

I am directed to refer to the enclosed copy of letter No F. 14-131/51-C.S. (P) dated 11/12/52, from the Govt. of India, Ministry of Food & Agriculture (Agri.), on the above subject and to state that it is seen therefrom that a proposal to amend section 12 (2) of the I.E. Act, 1940 to enable a licensee to lay and place electric supply lines on land other than that covered by buildings, pleasure grounds or gardens etc., without the consent of the owner is already under the consideration of Govt. of India. In this connection I am to observe that complaints have been receiv d by this Govt. from the tenants residing in buildings regarding delays and difficulties arising from refusal of the landlords to take supply in the premises occupied by the tenants. This Govt. is, therefore of the opinion that the proposed amendment of

Dy. Secy. to Govt. of Bombay, PWD., Bombay.

section 12(2) of the I.E. Act, contemplated by the Govt. of India, should also include provision to enable the tenants of buildings, etc. to receive supply in their premises on an independent meter without the consent of the landlord. I am accordingly to request you to consider the above proposal while amending the various provisions of the I.E. Act, 1910.

COPY of letter No. F. 14-131/51-C.S. (P) dt. 11/12/52, from the Under Secy. to the Govt. of India, Ministry of Food and Agriculture (Agri.), New Delhi, to the Secy. to the Govt. of Bombay, P.W.D.

SUBJECT :—CHANGES IN THE RULES; FOR GIVING ELECTRIC CONNECTIONS TO THE TENANTS OF AGRICULTURE LANDS FOR WORKING THEIR AGRICULTURAL PUMPS.

I am directed to refer to your letter No. A.&F.D.O/56985 K, dt. 14/7/52, on the above subject, and to say that the Govt. of India are aware of the difficulties and delays that generally arise on account of the requirement of the landlord's consent under section 12(2) of the I.E. Act, 1910. They are, however, not in favour of piecemeal amendments to the Act by the State Governments as far as possible. They wish to state that a proposal to amend Section 12(2) of the Act to enable a licensee to lay and place electric supply lines on land other than that covered by buildings, pleasure grounds or gardens etc. without the consent of the owners is already under their consideration.

The difficulties and delays in giving service connections to tenants of agricultural land for irrigation and pumping purposes arising out of the statutory requirements of section 12(2) of the I.E. Act, 1910, for securing the consent of the owners could, however, be overcome by the State Govt. by conferring upon the Bombay Grid Department or the licensees the powers of the Telegraph Authority under Section 51 of the above Act. This will enable the supply authorities to place appliances and apparatus for the transmission of electrical energy on a tenant's premises or the premises of other owners and occupiers for supply to the tenant without the consent of the owners, notwithstanding the provisions of Sections 12 to 16 (both inclusive) and 18 and 19 of the I.E. Act, 1910.

1	2	3	4	5	6
				Under the provisions of Section 10 of the Indian Telegraph Act, 1886, the Telegraph Authority is empowered to place and maintain lines under, over, along and across any immovable property without the consent of the owner or the occupier, as the case may be, and is required to pay full compensation to all persons interested for any damage sustained by them on account of placing of such lines etc. In the event of any person resisting or obstructing the exercise of the powers by the Telegraph Authority, the District Magistrate is empowered to permit the exercise of such powers by the former and grant compensation therefor. 2. It is accordingly suggested that if there be no objection, Govt. of Bombay may have recourse to the provisions of Section 51 of the I.E. Act, 1910 to overcome their difficulties, until such time, as the I.E. Act, 1910 can be suitably amended to meet the object in view". COPY of letter No. El. II/213(12) dt. 26/12/53 from Shri K. L. Saxena, Under Secy. to the Govt. of India, Ministry of I. & P. New Delhi to the Secy. to the Govt. of Bombay. P. W.D., Bombay Castle, Bombay No. 1. SUB: PROPOSAL FOR AMENDMENT OF SECTION 12(2) OF THE I. E. ACT, 1910 I am directed to refer to Shri P. R. Joshi's letter No. IEA-1152K, dt. 28/11/53, on the above subject and to say that the proposal of the Govt. of Bombay for amendment of Section 12(2) of the I.E. Act, 1910 (IX of 1910) has been referred to the Advisory Board set up in terms of Section 35(1) of the said Act for considering revisions to the Act, *vide* this Ministry's Order No. EL. II-213(4)I dt. 17/9/53 (copy enclosed for ready reference.) The Advisory Board will, no doubt take the State Govt's. proposal into consideration while submitting their recommendations to the Govt. of India for amendment of the Act.	

				The Secretary to Govt. of U. P. Power (B) Deptt., Lucknow.	
152	..	Do.	Do.	The State Govt. had also suggested that a further proviso be added to Clause No. 29 of Section 12(2) of the first draft to read as follows :— "Provided further that after intimation to the owner in writing, the licensee, if he does not receive any reply within 14 days from the owner, may lay his mains without waiting for any consent of the owner". This suggestion has also not been incorporated in the second draft. This may please be done now. *Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking, Bombay.*	*Vide* remarks against serial No. 147.
153	..	12(5)	Do	This is necessary to safegurad the interests of the Railways. For explanation—*See* 16(3). In lines 6 and 7, "except such streets, railways or tramways (if any), or such parts thereof" shall be modified as : "except such streets or tramways (if any) or such parts thereof, or any railway (or such parts thereof" and at such points)". Also, in the last line, substitute "local Government" by "Central or State Government, as the case may be", wherever it occurs. *Shri T. S Rao, Chief Engineer, B.E.S.&T. undertaking Bombay.*	The modification suggested does not improve the draft. The suggestion may not be accepted. As the administration of the Act is entirely the concern of the State Govt. the substitution of the words "Central or the State Government as the case may be" for the words "State Government" cannot be made. The suggestion may not be accepted.
154	..	13(1)(*d*).	NOTICE OF NEW WORKS.— (1) Where the exercise of any of the powers of a licensee in relation to the execution of any works involves the placing of any works in, under, over, along or across any street, part of a street, railway, tramway, canal or waterway, the following provisions shall have effect, namely: £ £ £ £ (*d*) if the owner disapproves of such works, section or plan, or approves thereof subject to amendment, he may, within	At the end of this Sub-section, add the following : "Provided always that in the case of Railways, all crossings, whether over or under the Railway, shall be made in accordance with the conditions laid down by the person for the time being, authorised to work the Railway, whose consent shall not be unreasonably withheld". This is necessary to safeguard the interests of the Railways. For explanation, see 16(3).	The provisions in Section 12(5), 13(1)(*d*), 16 and 31 appear to be adequate for safeguarding the interest of the railways. This suggestion may not be accepted.

1	2	3	4	5	6
			three weeks after the service of the notice under clause (a), serve a requisition upon the licensee demanding that any question in relation to the works or to compensation, or to the obligations of the owner to others in respect thereof, shall be determined by arbitration, and thereupon the matter shall, unless settled by agreement, be determined by arbitration.		
155	29	13(1)(*f*).	13. Notice of new works.— (*f*) Where the works to be executed consist of the laying of any underground service-line immediately attached, or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be, not less than *four days* notice in writing of his intention to execute such works. *Notwithstanding the provisions of this sub-clause, the licensee shall, in the execution of all works, in under, over, along or across a railway, tramway, canal or waterway, be bound by the provisions of sub-clauses* (*a*) *to* (*e*).	*Shri R. Vacnhinathan, Chief Electrical Engineer, Northern Rly., Member, Advisory Board.* *Railway Crossings.*— The proposed amendment under Section 13(1)(*f*) read with Section 31 should protect the interests of the Railways and ensure that work concerning the breaking of the track and other Railway land or works can be carried out strictly in accordance with the Railway Authorities requirements ; the safety of the travelling public could thus be fully assured. As you are aware, the specification for Railway Crossings is now under revision and a code of practice as finally decided upon will also provide adequate safeguards for all concerned.	Under clause VI of the Schedule to the Act, a licensee is required to comply with the requisition for supply within one month from the date of requisition unless the Electrical Inspector allows more time for the purpose. If, therefore, compliance with any requisition involves an underground service-line across any railway, tramway, canal or waterway, under the proposed provision the licensee would be required to approach the Inspector for the necessary orders exempting him from giving supply within one month of the making of the requisition. This does not appear to be a very satisfactory arrangement and would be contrary to the spirit of the provisions of clause VI *ibid.* The words "Notwithstanding..... sub-clauses (*a*) to (*e*)" may, therefore, be deleted. It is considered that the Railways have adequate protection under the provisions of Sections 12(5), 13, 16, 31 of the Act.

156	29	13(1)(*f*).	Please see serial No. 155.	*The Federation of Electricity Undertakings of India, Bombay.* The notice period should be expressed in terms of hours and should be 72 hours. Provision should also be made that licensees be given a similar 72 hours' notice when the works of other utilities are carried out where the licensees' mains exist.	The proposal to express the period of notice in hours instead of days may be accepted and for the words "four days" the words "ninety-six hours" may be substituted. The words "forty-eight" in clause (*f*) of Section 14(2) may also be substituted by the words "ninety-six".
157	..	Do.	Do.	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking Bombay.* In line (1), after the words "consists of," add "erecting any aerial line or."	The ninety-six hours notice specified in this Section is to be given only in the case of laying of under-ground service-lines with a view to protect the interest of the authorities concerned with the repairs of the streets the railways, tramways etc In the case of the aerial service-line no such notice is required to be given. This suggestion may not be accepted.
158	..	Do.	Do.	*The Secretary, to the Govt. of West Bengal Commerce and Industries Deptt. Mines and Power Branch.* The State Govt. agrees to the proposed amendment subject to the following modification. The words "any street" "part of a street" should be inserted between the words "across" and "a railway" occurring in the eleventh line of the section. It may also be made clear that no way-leave rental should be payable for use of the "street" under Section 13 of the Indian Electricity Act, 1910.	The suggestion is made with a veiw to extend the application of the provisons in respect of railways, tramways, canals, waterways etc. to "streets" as well. If this suggestion were accepted it would mean that even for an underground service-line in a street it would be necessary for the licensee to comply with the provisions laid down in clauses (*a*) to (*e*). This will prevent him from complying with the provisions of Clause VI of the Schedule to the Act. This suggestion may not be accepted. Also *vide* remarks against serial No. 155.
159	..	Do.	Do.	*Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.* If it is intended that the provisions of existing clause (*f*) should apply to no works in, under, over, along or across railway, tramway, canal or waterway that should be stated in a more straightforward manner and clause (*g*) be also suitably modified so as to be in keeping with the modified clause (*f*).	The provision in respect of exemption from payment of way-leave rental for property dedicated to public use is already implied under section 12. *Vide* remarks against serial No. 158.

1	2	3	4	5	
				M. P. Electricity Board, Nagpur.	
160		Do.	Please see serial No. 155	The increase in notice period from two to four days may be agreed. The necessity for the proviso is not clear. It can be omitted. PROPOSED TEXT. Change forty eight hours to four days; and omit the last sentence in CWPC'S draft.	*Vide* remarks against serial No. 158.
				Ministry of Railways (Railway Board), New Delhi.	
161		Do.	Do.	As regards the amendment suggested in Sec. 13(1) (*f*) relating the Railway crossing, the Ministry of Railways consider that the amendment meets in a negative way the railways' requirements in as much as under section 13(1)(*a*) ample provision exists to ensure that no work pertaining to the breaking of the track is carried out by the licensee. However, reading sections 12 and 13 as a whole it is no where categorically mentioned that work concerning the breaking of the track and other which are likely to affect the safety of the public has to be carried out by the Railway Authorities. Min. of Railways consider that suitable amendment to get positive assurance should be incorporated in section 13(1)(*f*).	*Vide* remarks against serial No. 158.
				The Secretary to the Govt. of West Bengal, Commerce and Industries Deptt., Mines and Power Branch.	
162	29	13(1)(*g*).	Notice of new works—(1) where the exercise of any of the powers of a licensee in relation to the execution of any works involves the placing of any works in, under, over, along or across any street, part of a street, railway, tramway, canal or waterway, the following provisions shall have effect, namely : * * * *	The words "forty-eight hours notice" occurring in the seventh line of this section should be substituted by the words "four days' notice".	This suggestion may not be accepted.

			(*g*) where the works to be executed consist of the repair, renewals or amendment of existing works of which the character or position is not altered, the licensee shall, except in cases of emergency, give to the repairing authority, or to the owner, as the case may be, not less than forty-eight hours' notice in writing of his intention to execute such works, and, on the expiry of such notice, such works shall be commenced, forthwith and shall be carried on with all reasonable despatch, and, if possible, both by day and by night until completed. * * * *		
162 A	..	Do.	Do.	*The Secy. to Govt., Punjab, P.W.D. Electricity Branch, Chandigarh.* It would be preferable to define the period of notice in hours instead of "days".	*Vide* remarks as against serial No. 156.
				Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking Bombay.	
163	..	13	13. NOTICE OF NEW WORKS	In the heading, delete the word "new". This is necessary as the existing works are also covered under (1)(*g*) of this section.	This suggestion may be accepted.
				M. P. Electricity Board, Nagpur.	
164	..	14	ALTERATION OF PIPES OR WIRES—(1) Any licensee may alter the position of any pipe (not forming, in a case where the licensee is not a local authority, part of a local authority's main sewer), or of any wire under or over any place which he is authorised to open or break up, if such	*See* notes against Section 12. Section 14 has to be enlarged and modified to provide protection against unnecessary shifting, to refuse the same where required and to pay to the licensees of cost of works and loss of revenue where the shifting is agreed.	It is inconceivable that an operator (local authority, gas company, water supply authority would employ staff for the purpose of carrying out alterations to licensees works. In practice an operator usually requires the owner to carry out the work and pays for it. No difficulty has been experienced so far in this regard. Amendment of the nature proposed is not, therefore, considered necessary.

1	2	3	4	5	
			pipe or wire is likely to interfere with the exercise of his powers under this Act; and any person may alter the position of any electric supply-lines or works of a licensee under or over any such place as aforesaid, if such electric supply-lines or works are likely to intefere with the lawful exerciser of any powers vested in him. (2) In any such case as aforesaid the following provisions shall, in the absence of an agreement to the contrary between the parties concerned, apply, namely :— (*a*) not less than one month before commencing any alteration, the licensee or other person desiring to make the same (hereinafter in this section referred to as "the operator") shall serve upon the person for the time being entitled to the pipe, wire, electric supply-lines or works, as the case may be (hereinafter in this section referred to as "the owner") a notice in writing, describing the proposed alteration, together with a section and plan thereof on a scale sufficiently large to show clearly the details of the proposed works, and not in any case smaller than one inch to eight feet vertically and sixteen inches to the mile horizontally, and intimating the time when it is to be commenced' and shall subsequently	PROPOSED TEXT: Redraft of Section 14— (1) Any licensee may alter the position of any pipe (not forming in a case where the licensee is not a local authority, part of a local authority's main sewer) or any wire under or over any place which he is authorized to open or break up, if such pipe or wire is likely to interfere with the exercise of his powers under this Act; and any person may require the licensee and the licensee thereof alter the position of any electric supply lines or works (of the licensee) if such electric supply lines or works are likely to interfere with the lawful exercise of any powers vested in him. Where works once so lawfully laid, it shall not ordinarily be open to any person to require the licensee to shift, alter or modify his works, unless in he opinion of the licensee it can be effected without undue or prolonged interference to public supply; and where agreed to by the licensee on payment of cost thereof together with supervision charges and compensation on account of loss of revenue, if any. In the event of disagreement as to the matter, the carrying out of alterations required will cause under interference with the public supply the matter shall be decided by Govt. on an appeal if preferred within sixty days from date of such refusal by the licensee. COMMENTS (Not necessarily in the land where the works are laid) which render useless, inaccessible or not readily accessible. (The case of works laid under powers of Telegraph Authority is dealt with separately—next below Section 51).	Under the existing provision when an operator wants the owner (licensee) to shift his line, he does so when it is essential in his interest and pays for such alterations. The question, therefore, of giving option to the licensee in this respect, does not arise. This suggestion may not be accepted.

give such further information in relation thereto as the owner may desire;

(*b*) within fourteen days after the service of the notice, section and plan upon the owner, the owner may serve upon the operator a requisition to the effect that any question arising upon the notice, section or plan shall be determined by arbitration, and thereupon the matter shall unless settled by agreement, be determined by arbitration;

(*c*) every arbitrator to whom a reference is made under clause (*b*) shall have regard to any duties or obligations which the owner is under, and may require the operator to execute any temporary or other works so as to avoid, as far as possible interference therewith;

(*d*) where no requisition is served upon the operator under clause (*b*) within the time named, or where such a requisition has been served and the matter has been settled by agreement or determined by arbitration, the alteration may, upon payment or securing of any compensation accepted or determined by arbitration, be texecuted in accordance with the notice, section and plan and subject to such modifications as may have been determined by arbitration or agreed upon between the parties;

(*e*) the owner may, at any time before the operator is entitled to commence the alteration, serve upon the operator a statement in writing to the effect

PROPOSED TEXT :

The proposed alteration :—

(*b*) Substitute "licensee" for " operator" otherwise existing section.

(*b*) Do.

(*d*) Do.

(*e*) Do.

(*f*) Do.

(*g*) Do.

(*h*) Do.

(*ii*) Where the person desiring to make the alterations to the works of the other person, provisions (*a*) to (*d*) shall apply; the other person (hereinafter referred to as licensee) shall furnish to the former a statement in writing and an estimate of expenses within fourteen days after the service of notice under (**a**).

On payment of the same giving such security for the replacement of any expenses as may be agreed upon (or in default of agreement determined by arbitration) the licensee shall expeditiously effect the alteration.

2	3	4	5
		that he desires to execute the alteration himself and requires the operator to give such security for the repayment of any expenses as may be agreed upon or, in default of agreement, determined by arbitration; (*f*) where a statement served upon the operator under clause (e) , he shall, not less than forty-eight hours before the execution of the alteration is re-required to be commenced, furnish such security and serve upon the owner a notice in writing intimating the time when the alteration is required to be commenced , and the manner in which it is required to be made; and thereupon the owner may proceed to execute the alteration as required by the operator; (*g*) where the owner declines to comply, or does not, within the time and in the manner prescribed by a notice served upon him under clause (*f*), comply with the notice, the operator may himself execute the alteration; (*h*) all expenses properly incurred by the owner in complying with a notice served upon him by the operator under clause (*f*) may be recovered by him from the operator. (3) Where the licensee or other person desiring to make the alteration makes default in com-	

			plying with any of these provisions, he shall make full compensation for any loss or damage incurred by reason thereof, and, where any difference or dispute arises as to the amount of such compensation, the matter shall be determined by arbitration.		
				The Federation of Electricity Undertakings of India, Bombay.	
165	30	New 14A.	*Compensation to licensees arising out of development or improvement works :* 14A—*Where any person undertakes any development or improvement works which render useless, inaccessible or not readily accessible any works of a licensee in, on, under or over any public place, where such works have been lawfully placed by a licensee, such person shall compensate the licensee for the cost of moving, altering, replacing or extending his works in a manner reasonably necessary:* *Provided that, the licensee shall not be entitled to any compensation on account of cost of betterment or loss of revenue arising out of such alteration or replacement of works:* *Provided further that, in the event of any difference or dispute as to the payment of the amount of compensation or any other matter, it shall be determined by arbitration.*	It is suggested that the words "which endanger the safety of or" be inserted between "improvement works" and "which render". The word "relaying" should also be added after "replacing".	The Ministry of Law have advised that the provisions of the existing section 14 are sufficiently comprehensive to cover th provisions proposed to be made under the new section 14A. The proposed new section 14A, may, therefore, be omitted.
				The Secretary to Govt. of Andhra, PW & Transport Deptt., Kurnool.	
166	30	New 14A.	*Vide* serial No. 165.	Provision may be made for prior consultation between the person who undertakes any development or im-	*Vide* remarks against serial No. 165.

1	2	3	4	5	
				provement works and the licensee so that the cases of payment of compensation by the person undertaking development or improvement works may be minimised.	
166A	..	New 14 A	*Vide* serial No. 165	*The Secy. to Govt. of Madras, P.W.D., Madras.* This Govt. consider that while the new provisions proposed are generally necessary, they will require modification in a number of ways as indicated below :— No person should undertake any development or improvement works which render useless, inaccessible or not readily accessible, the works of a licensee, without first giving that licensee a notice of six months. Such a notice will be necessary particularly where the licensee's cables are going to be covered up by concrete roads, making repairs or new service connection from these cables impossible. It may take considerable time for the licensee to get replacement cables etc. and hence the need for this notice. On receipt of the notice as specified above, the licensee should submit to the person who undetakes any development or improvement works, an estimate of the cost of altering, replacing or modifying his works in the manner necessary and it should be obligatory on the person undertaking the development or improvement works to either accept the estimate or modify his construction proposals to satisfy the licensee or to take the matter to Govt. for decision, or take it up for arbitration. The person undertaking the development or improvement works should have the option to so modify his development or improvement works as to meet the requirements of the licensee for accessibility to his works, as there would then be no need for shifting or paying compensation. This will cover cases where before putting cement concrete on a road or pavement, suitable ducts are provided or removable slabs are placed along cable-routes etc. The following further modifications to the proposed new section 14-A are also suggested— For the words, "where such works have been lawfully	*Vide* remarks against serial No. 165.

				placed by a licensee" the words "where such works have been lawfully placed by a licensee or where such works have been placed before the date of this enactment" may be substituted. In the first proviso to the draft section, after the word "betterment", the words " to his works" may be inserted. In the second proviso, for the words, "the payment of the amount of compensation", the words, "the amount of compensation payable" may be substituted. *The Federation of Electricity Undertakings of India, Bombay.*	
167	..	15	15. LAYING OF ELECTRIC SUPPLY-LINES OR OTHER WORKS NEAR SEWERS, PIPES OR OTHER ELECTRIC SUPPLY-LINES OR WORKS.—(1) Where— (*a*) the licensee requires to dig or sink any trench for laying down any new electric supply lines or other works, near to which any sewer, drain, water-course or work under the control of the State Government or of any local authority, or any pipe, syphon, electric supply-line or other work belonging to any duly authorised person, has been lawfully placed, or (*b*) any duly authorised person requires to dig or sink any trench for laying down or constructing any new pipes or other works, near to which any electric supply-lines or works of a licensee have been lawfully placed, the licensee or such duly authorised person, as the case may be (hereinafter in this section referred to as "the operator", shall, unless it is otherwise agreed	Consequent to the amendment proposed to Section 13(1) (*f*) Section 15 should be amended to tie up with the change in the notice period to 72 hours.	The words "ninety-six hours" may be substituted for the words "forty-eight hours" occurring in clause (*b*).

1	2	3	4	5	6
			upon between the parties interested in case of sudden emergency, give to the State Government or local authority or to such duly authorized person, or to the licensee, as the case may be (hereinafter in this section referred to as "the owner"), not less than forty-eight hours' notice in writing before commencing to or sink the trench, and the owner shall have the right to be present during the execution of the work, which shall be executed to the reasonable satisfaction of the owner.		
167	..	15	(2) Where the operator finds it necessary to undermine, but not to alter, the position of any pipe, electric supply-line or work, he shall support it in position during the execution of the work, and before completion shall provide a suitable and proper foundation for it where so undermined.		
			(3) Where the operator (being a licensee) lays any electric supply-line across, or so as to be liable to touch, any pipes, lines or service-pipes or service-lines belonging to to any duly authrorized person or to any person supplying, transmitting or using energy under this Act, he shall not, except with the written consent of such person and in accordance with section 34, sub-section (1), lay his electric supply-lines so as to come into		

			contact with any such pipes, lines or service-pipes or service-lines. (4) Where the operator makes default in complying with any of the provisions of this section, he shall make full compensation for any loss or damage incurred by reason thereof. (5) Where any difference or dispute arises under this section, the matter shall be determined by arbitration. (6) Where the licensee is a local authority, the references in this section to the local authority and to sewers, drains, water-courses or works under its control shall not apply.	
				Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay
168	—	16(3)	16. STREETS, RAILWAYS TRAMWAYS, SEWERS, DRAINS OR TUNNELS BROKEN UP TO BE REINSTATED WITHOUT DELAY.— * * * * (3) Where any difference or dispute arises as to the amount of the expenses incurred under sub-section (2), the matter shall be determined by arbitration.	At the end of sub-section (3), add the following as sub-section (4): "In the case of opening or breaking up the soil or pavement and any sewer, drain, conduit or culvert in or under any railway affecting the safety of the track, such works shall be carried out by the owner of the Railway at the cost of the licensee. In case of difference or dispute regarding the cost of the work, the matter shall be determined by arbitration". In order to safeguard fully the interests of the Railways amendments have been suggested under Section 12 (5); 13(1)(*d*); 16(3); 18(1) and (2) and Section 31. It is also necessary to make the following amendments to the Indian Electricity Rules :— *Chapter III*, 13(*e*). In lines 2 and 3, it is necessary to substitute "railways" by "railways (such parts thereof and such points)".

1	2	3	4	5	6
168	...	16(3) (*Contd.*)		*Chapter III*, 23. Substitute "State Government" by Central or State Government, as the case may be" in the heading, in lines 1 and 2, and in line 6. Also add the following proviso to the above rule: "Provided that in the case of opening or breaking up the soil or pavement and any sewer, drain, conduit or culvert. in or under any Railway which is likely to endanger the safety of the track, such works shall be carried out bythe Railway at the cost of the licensee." The I.E. Act and the I.E. Rules were enacted when the majority of the Railways were operated by private limited companies and the interests of the licensees were protected against undue delays or obstructions caused by private Railway Companies in affording necessary permission and facilities for the laying of electric supply lines over or under Railway tracks With the nationalisation of the Railways, such difficulties are no longer likely to arise and hence it is but proper that the special protection given to the licensees are withdrawn so that the Railways are not placed in a disadvantageous position in ensuring the safety of the track and the travelling public. *Shri T.S Rao, Chief Engineer, B.E.S. & T. undertaking Bombay*	Similar suggestion was considered by the Board in its second meeting and it was decided to maintain *status-quo vide* serial No. 3 of the statement of proposals for amendments received after the preparation of the statement of the proposed amendments to the Act by the Central Water & Power Commission (Power Wing). In view of the above remarks it will not be necessary to suggest amendment to the Indian Electricity Rules also. This suggestion may not be accepted.
169	--	18(1)	18] AERIAL LINES —(1) Save as provided in section 13, sub-section (3), nothing in this part shall be deemed to authorise or empower a licensee to place any aerial line along or across any street, railway, tramway, canal or waterway unless and until the State Government has communicated to him a general approval in writing of the methods of construction which he proposes to adopt: Provided that the communica-	In line 6 substitute "State Government" by "Central or State Government, as the case may be."	The Central Government is not concerned with the approval of the methods of construction of the licensee under Section 18 as it is not a licensing authority. This suggestion may not be accepted.

			tion of such approval shall in no way relieve the licensee of his obligations with respect to any other consent required by or under this Act.		
				Shri T.S. Rao, Chief Engineer, B.E.S. &T Undertaking, Bombay.	Vide remarks against serial No. 169.
170	—	18(2)	18 AERIAL LINES:—(2) Where any aerial line has been placed or maintained by a licensee in breach of the provisions of sub-section (a), the State Government may require the licensee forthwith to remove the same, or may cause the same to be removed, and recover from the licensee the expenses incurred in such removal.	In lines 3/4, substitute "State Government" by "Central or State Government, as the case may be"	
				M P Electricity Board Nagpur	
171		18 New		The State Electricity Board has a general charge under Section 18 of the E (S) Act to promote the generation, supply and distribution of electricity. The Board is given power under Section 22 to investigate, experiment and conduct trials for the improvement of the methods of transmission, distribution and supply of electricity. Like the British Electricity Authority the Board has to continually review existing layouts, methods of construction and the performance of equipments, with a view to simplifying, to improve performance, operational safety and like, and for the purpose modify where necessary existing layouts. As the Industry is not nationalized, it cannot bring licensees' work on line—unless suitable provision is specifically made in the I.E. Act. Existing section is proposed to be modified and enlarged for the purpose *Proposed Text*: 18 Approval to works and power to Government in certain circumstances to call for improvements or modifications thereto:	The provisions of section 18 equally apply to the State Electricity Boards as it is deemed to be a licensee, vide section 26 of the Electricity (Supply) Act, 1948. Therefore, the Board is required to secure the approval of the State Government to its own methods of construction. It is desirable that power to approve methods of construction and inspect works should not be entrusted to the executive authority itself. Obviously, therefore, power of approval of the methods of construction has to be vested in the State Goverment rather than in the Board. This suggestion may not be accepted.

1	2	3	4	5	6
				1(a) A licensee shall adopt only such layout methods of construction which conform to minimum standards as may be approved prior to the commencement of work or prescribed as the case may be by the State Government from time to time in this behelf. Provided the State Govt., where a State Electricity Board is constituted for the State, delegate their functions in this behalf to that body, Save as provided in Section 13, nothing contained in this Part or their communication of approval under sub-section 1 shall in no way relieve the licensee of his obligation with respect to any other consent required by or under this Act. (b) A State Electricity Board and the State or Central Government as the case may be, where engaged directly to supply energy, shall without prejudice to the placement of works for investigation, experiments and trials or the promotion of most efficient and economic methods of transmission, distribution and supply, adopt in their works such construction standards and safety as are generally prescribed from time to time in this behalf. (2) Where any work has been placed or maintained by a licensee in breach of the provision of sub-section (1), the State Govt. may require the licensee forthwith to remove the same, or may cause the same to be removed and recover from the licensee the expenses incurred in such removals. *Shri T.S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.*	
172	—	20(1)(c)	20. POWER FOR LICENSEE TO ENTER PREMISES AND TO REMOVE FITTINGS OR OTHER APPARATUS OF LICENSEE:—(1) A licensee or any person duly authorised by a licensee may, at any reasonable time, and on informing the occupier of his intention,	Substitute lines 4, 5 & 6 by "such supply for default of payment of electricity charges or other reasons, any electric supply lines, meters, cut-outs, fittings, works or other apparatus belonging to the licesnsee." Also add a new sub-clause (d) as follows:— "Fixing electric supply lines, meters, fittings or apparatus for effecting supply to other consumers in the premises or adjoining premises."	The purpose proposed to be served by the suggested re-draft is already covered by the existing provision. This suggestion may not be accepted. It would be denying the rights of the owner of a premises if the licensee is authorized to tap the service connection on the owner's premises for the purposes of supply to adjoining premises without the consent the owner.

			enter any premises to which energy is or has been supplied by him, for the purpose of:— (c) removing, where a supply of energy is no longer required, or where the licensee is authorised to take away and cut of such supply, any electric supplylines, meters, fittings works or apparatus belonging to the licensee.	This is necessary to permit the licensee to take tapping from the existing service for supply to other consmers in the premises or adjoining premises.	This suggestion may not be accepted.
173	..	20(2)	POWER FOR LICENSEE TO ENTER PREMISES AND TO REMOVE FITTINGS OR OTHER APPARATUS OF LICENSEE (2) A licensee or any person authorized as aforesaid may also, in persuance of a special order in this behalf made, by the District Magistrate or, in a Presidency town** by the Commissioner of Police, and after giving not less than twenty-four hours' notice in writing to the occupier, enter any premises to which energy is or has been supplied, or is to be supplied by him for the purpose of examining and testing the electric wires, fittings, works and apparatus for the use of energy belonging to the consumer.	The provisions of the existing Section 20 are not considered to give adequate power for the licensee to enter consumers premises, particularly where cases of disconnection of supply is involved for default of payment of electricity charges which is covered by Section 24. When consumers refuse entry for this purpose, the assistance of the District Magistrate or the Commissioner of Police cannot be sought for this purpose, as under sub-section (2), their assistance is limited for the purpose of "examining and testing the electric wires, fittings, works and apparatus for the use of energy belonging to the consumer." In the circumstances, the serving of notice for disconnection of supply, as provided under sub-section (3) and under section 24 (1), remains a dead letter. At the end of sub-section (2), add: "and for the purpose of cutting of supply to the consumer for default of payment of electricity charges." *The Secy. to Govt. of Travancore-Cochin, P.W. & Communication Deptt. (Elec. Sec.) Trivandrum.*	In case entry to premises for disconnecting the supply on account of nonpayment of bills is refused, the licensee can cut off the supply from other suitable point on his system, *e.g.*, from the tap-off point on the distribution main. The provisions of section 24(1), are, therefore, adequate to meet situation of the nature mentioned. This suggestion may not be accepted.
174	..	20(2) New proposal.		In addition to the new Sub-sections (4) and (5) proposed to be introduced, an amendment to sub-section (2) also appears necessary : the amended clause to read as follows: (2) "A licensee or any person authorised as aforesaid may at any reasonable time, and on informing the occupier of his intention, enter any premises to which energy is or has been spplied, or is to be supplied by him, for the purposes of examining and testing the electric wires, fitting, works and apparatus for the use of energy belonging to the consumer. Provided that where a consumer refuses to allow a licensee	A similar proposal was made by the Central Water & Power Commission (Powr wing) *vide* serial No. 35 of the Statement of the proposed Amendments to the Act. This Proposal was discussed in the first meeting of the Board and was not accepted (vide Item No. 51 of the Statement of the Draft of the various sections of the Act proper based on the decisions taken by the Board

1	2	3	4	5	6
				or any other person authorised by him to enter his premises the District Magistrate or in a Presidency town the Commissioner of Police on application of the licensee may, by order, direct the consumer to permit the licensee or any other person authorised by him for the purpose aforesaid."	in its first meeting) on the grounds that the District Magistrate is empowered to issue special orders to enable the licensee to enter a premises where such entry is refused by the owner.
175	..	20(3)	20. POWER FOR LICENSEE TO ENTER PREMISES AND TO REMOVE FITTINGS OR OTHER APPARATUS OF LICENSEE:— (3) Where a consumer refuses to allow a licensee or any person authorised as aforesaid to enter his premises in pursuance of the provisions of sub-section (1) or sub-section (2), or, when such licensee or person has so entered, refuses to allow him to perform any act which he is authorised by those sub-sections to perform, or fails to give reasonable facilities for such entry or performance, the licensee may, after the expiry of twenty-four hours from the service of a notice in writing on the consumer, cut off the supply to the consumer for so long as such refusal or failure continues, but for no longer.	Shri T. S. Rao, Chief Engineer, B. E .S. & T. undertaking, Bombay. "In line 11 after the last two words the consumer add "and with the authority of a special order made by the District Magistrate or in a Presidency Town made by the Commissioner of Police."	This suggestion may not be accepted. The securing of a special authority or order from the District Magistrate for cutting off supply would result in unnecessary delay which should be avoided. This suggestion may not be accepted.
176	31	20(4) New	20. Power for licensee to enter premises and to remove fittings or other apparatus of licesee:— (4) *A licensee or any person or persons duly authorised by a licensee may, at any reasonable time and on informing the*	In line 8, after "altering," add "fixing."	The word "alteration" covers "fixing" proposed to be covered, in the case of premises where electric supply lines and works have already been lawfully laid. The provisions in respect of the fixing of works in the case of new installations is covered under section 12. This suggestion may not be accepted.

			occupier of his intention, enter any premises under, over, along, across in or upon which the electric supply lines or other works have been lawfully placed by him for the purposes of examining, repairing altering or removing such electric supply lines or other works.		
				Shri T.S. Rao, Chief Engineer, BES. & T. undertaking Bombay.	
177	..	2	Please see serial No. 172.	It will be necessary for the licensee to enter the premises for adding meters and cut-puts for providing supply to any new consumer in the premises or adjoining premises. Under the heading, substitute "and to remove" by "and to add or remove meters."	It is inconceivable that the owner or the occupier would object to the licensee installing more meters when such meters are be installed at their request. In respect of the installation of additional meters for adjoining premises, remarks against serial No. 150 may be seen.
178	31	20(4) New	Please see serial No. 176.	*The Sec. to the Govt. of W. Bengal, Commerce & Industries Deptt., Mines & Power Branch.* The State Govt. agrees to the incorporation of this new section subject to the following modification. The words "or lands" should be inserted after the words "premises" wherever it occurs in this section.	This suggestion may not be accepted. This suggestion may be accepted.
				The Federation of Electricity Undertakings of India Bombay.	
179	..	—do—	—do—	The contingencies mentioned here should line up with the wording of 14A. Accordingly there shou'd be added "relaying, replacing or extending."	It is now proposed to drop the incorporation of section 14A. The word "altering" in the draft section covers "relaying and replacing." It would be denying the right of the owner if the licensee is authorised to extend his works simply on informing the occupier. This suggestion may not be accepted.
180	..	—do—	—do—	*Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.*	Vide remarks against serial No. 178.
181		—do—	—do—	"Premises" do not perhaps include all lands, and it would be better in my view to insert "or lands" after "premises." *Under Secy. to Govt. of Orissa, Works Deptt. Bhubaneswar.* The provision in the proposed amendment under this item appears to be slightly in conflict with the amenment proposed under item 30. A proviso appears to be necessary to the effect that the provision of the	Vide remarks against serial No. 179. The District Magistrate etc. is expected to issue the special order only after hearing the parties concerned.

1	2	3	4	5	6
				proposed sub-clause 4 and 5 to the section 20 will not apply to cases covered under the new section 14(A) proposed under item 30. It should be made clear that the D.M. or the Commissioner of Police will issue special order only after hearing the persons concerned.	
181A	31	New 20 (4)	—Do—	*The Secy. to Govt. Punjab, P.W.D., Electricity Branch, Chandigarh.* Premises do not include all lands. It would be better to insert "or lands" after the word "premises."	*Vide* remarks against serial No. 178.
				The FEU. of India, Bombay.	
182	31	20 (5) New	(5) *Where an occupier refuses to allow a licensee or any person or persons duly authorised as aforesaid to enter and after having entered to perform any act which he is or they are authorised by sub-section* (4), *the licensee or any person or persons authorised as aforesaid may in pursuance of a special order in this behalf obtained from the District Magistrate or in a Presidency town, the Commissioner of Police, enter and perform any act specified in sub-section* (4).	Instead of "District Magistrate" the words "Local Magistrate" may be substituted. In certain places which are not district towns, it may mean loss of time to obtain the District Magistrate's sanction whereas permission from the local Magistrate could be obtained sooner. It would cover equally a circumstance where a District Magistrate is available and whose permission could be sought.	It would be desirable to entrust the issue of such special orders to a senior magistrate of the rank of a District Magistrate to avoid complications.
182A	31	New 20(5)	—Do—	*The Secy. to Govt. Punjab P.W.D., Electricity Branch, Chandigarh.* It is suggested that provision should be made for some other Local Civil authority also besides the District Magistrate if he is not readily available.	—Do—
183	32	21	21. Restrictions on licensee's controlling or interfering with use of energy—	*M.P. Electricity Board, and Govt. of M.P. Electricity Deptt. for 21A* (1) *only, Nagpur.* This section deals with entirely two subjects namely:— (a) licensees' controlling or interfering with use of energy and,	The amendment to section 26 of the Electricity (Supply) Act, 1948 would be necessary if the proposed amendment to split up section 21 into two sections 21 and 21A is enacted. The

			(1) A licensee shall not be entitled to prescribe any special form of appliance for utilising energy supplied by him, or save as provided by section 23, sub-section (2), or by section 26, sub-section (7), in any way to control or interfere with the use of such energy:	(b) Power to the licensee to make conditions for regulating the supply.	proposed section 2(h) will also be required to be suitably amended (serial No. 22 of this Statement).
				It is proposed by C.W. & P.C. to make the two provisions under two different sections 21 and 21A. This will necessitate consequential amendment to Section 26 of the E. (S) Act and to the definition of the licensee under this Act.	However, with a view to avoid consequential amendment of section 26 of the Electricity (Supply) Act, 1948, section 21 may not be split as proposed, and only amendments thereto may be carried out.
			Provided that, no person may adopt any form of appliance, or use the energy supplied to him ****in such a way as* unduly or improperly to interfere with *** *the electrical performance or safety of the licensee's equipment or* with the supply *of energy* by the licensee ** to any other person.	(2) There is no provision in the Act or in the E. (S) Act in respect of the Board, providing power to Govt. or the Board in case of emergency or threatened emergency, or where the demand exceeds the capacity or under the circumstances beyond the control of the supplier of energy, to shed the load, spread the load, to impose restrictions on the quantity of energy consumed and to do all acts necessary to regulate the supply for the duration of the emergency or special circumstances he is subject to.	Under section 26 of the Act, the Board is not required to discharge the duties and obligations of the licensee under sections 21 (restriction on licensee's controlling or interfering with use of energy), 22 (obligations of licensee to supply energy), and Clauses IV to IX of the Schedule to the Act. Exemption from compliance with the above provisions are considered adequate enough to enable the Board to regulate supplies during an emergency in respect of its own system. Amendment to the Act to the above effect is, therefore, not necessary.
		21 (4)			
			(2) Where any difference or dispute arises as to whether a licensee has prescribed any appliance or controlled or interfered with the use of energy in in contravention of sub-section (1), the matter shall be either referred to an Electrical Inspector and decided by him or, if the licensee or consumer so desires, determined by arbitration.	State Govts. have been compelled to resort to special legislation for the purpose. The necessity for a self-contained section in the Act itself cannot be gainsaid and is proposed. The draft proposed brings:. (a) Power to restrict or reduce supply under certain circumstances as sub-section (1) of section 21 ; (b) Provistons of existing sub-section (1) which prohibits a licensee interfering or controlling with supply (except in the manner specified) introduced next below sub-section (1) as sub-section 1 (A)—as the two go together. There is no change in the arrangement of remaining sub-sections (2) and (3). If above arrangement is agreed to consequential amendment to E. (S) Act on account of redraft or re-arrangement of this section is necessary.	It would be advisable to authorize the State Govt. to impose restrictions for regulating supplies of energy during an emergency in respect of other licensees' system to obviate the necessity of enactment of special legislation during emergencies.

1	2	3	4	5	6
				PROPOSED TEXT: New Section 21. Restrictions on supply: Power to the licensee under certain circumstances: (a) The State Elctricity Boards where constituted and the State Governments where not so constituted and is engaged in the business of electricity supply may in an emergency or threatened emergency without notice and after approval by the State Govt. and after not less than seven days clear notice in this behalf published in the official gazette and such other newspapers having a wide circulation in the area named by the Govt. for the purpose to the programme and the manner proposed impose controls and otherwise restrict supply either one or both as to quantity, the quality, the rate and the duration of supply ; and for such period of time or extended time as may be approved by the State Govt. in this behalf. No action shall be taken on account of non-supply or restricted supply, against the State Electricity Board or the State Govt. or against a distributor of energy receiving supply from the said S. E. Board or the State Government: Provided firstly, the restriction to or reduction in the supply shall be imposed *as far as may be practicable* as not to affect all the consumers or throughout the area of supply at the same time. Secondly, giving supply to new consumers during the period when restrictions are in force shall not, as far as may be practicable be at the expense of or detrimental to the consumers on or prior to the date of imposition of restriction or reduction in supply ; and amongst consumers connected during this period, without, as far as may be practicable, deteriment to the earlier consumers ;	

				(b) The State Govt. may, where it is satisfied sufficient ground exists, direct on application by the licensee concerned by an order in each case extend provisions of sub-section (1) (a) foregoing to the extent necessary and stipulate conditions thereof. 1 (A). Except foregoing and to prescription under the circumstances thereof of any special appliance for controlling or regulating the supply, no licensee, non-licensee or other supplier of energy may prescribe any special form of appliance for utilizing energy supplied by him or save as provided by section 23 sub-section (2) or by section 26 sub-section (7) in any way to control or interfere with the use of energy: Provided that no person may adopt any form of appliance and use the energy supplied to him ..... or improperly interfere with the supply by the licensee (non-licensee or other supplier of energy) to any other person. *Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking Bombay.*	
184	32	21 (1)	Please see serial No. 183	At the end of line 5, add : "or as provided under the terms and conditions to regulate supply to the consumers, sanctioned by the Government".	The words "or as provided in the conditions of supply sanctioned by the State Govt. under section 21A of this Act" may be inserted after the words "sub-section 7" occurring in line 5 of the sub-section.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
185	—Do—		—Do—	"Electric supply line" and "works" are defined and it seems better that "electric supply lines or other works" is substituted for "equipment".	This suggestion may be accepted.
				The Secy. to Govt. of Madras, P.W.D., Madras.	
185A	—Do—		—Do—	The proposed amendment is accepted, subject to the substitution of the words "supply of electricity" for the words "supply of energy" occurring in the proviso to the draft revised section 21 (1).	The words "supply of energy" have been used throughout the Act. This suggestion may not be accepted.

1	2	3	4	5	6
				Office of the Chief Electric Inspector, Govt. of West Bengal Calcutta.	
186	33	21(2) as new 21A(1)	21A. *Power for licensee to make conditions for regulating his relations with consumers.* (1) **....** *Every* licensee **shall* with the previous sanction of the State Government given after consulting *the State Electricity Board were such a Board has been constituted and* the local authority where the licensee is not the local authority, make conditions not inconstitent with this Act *or any other enactment in force* or with his licensee or with any rules made under this Act, to regulate his relations with persons who are or intend to become consumers and may with the like sanction given after the like consultation add to or alter or amend any such conditions; and any conditions made by a licensee without such sanction shall be null and void: Provided that, any such conditions made before the 23rd day of January 1922 shall, if sanctioned the State Government on application made by the licensee before such date as the State Government may, by general or special order, fix in this behalf, be deemed to have been made in accordance with the provisions of this sub-section.	(1) If it is considered necessary that a licensee must make conditions of supply to regulate his relations with persons who are or intend to become consumers such conditions should be prescribed in the I. E. Rules so as to indicate the nature of the conditions to be provided for. No statute can perhaps require a prson to comply with a requirement without stating what that requirement exactly is. (2) It is not seen why it is necessary to consult the State Electricity Board in this matter, as appropriately such Boards should for uniformity have "condition of supply" to regulate its relations with the public. (3) The proviso which will be out-dated need not be here. If at all, it should cover cases prior to the enactment of the proposed amendments.	(1) The proposal to incorporate model conditions of supply in the Indian Electricity Rules is noted and will be forwarded to the Centre Electricity Board for its consideration. (2) As under the Electricity (Supply) Act, the State Electricity Board is vested with powers to exercise control over the operational, financial and developmental policies of the electricity supply undertakings, it would be desirable to provide for its consultation in respect of the conditions of supply of the licensee. This suggestion may not accepted. (3) The suggestion to delete the proviso may be accepted.
				The Federation of Electricity Undertakings of India Bombay.	
187		Do.	Please see serial No. 186	It is proposed that the Conditions of supply are to be compulsory instead of permissive and are to be sanctioned by the State Government after consulting the State Electricity Board and the Local Authority. It	It is necessary to consult the local authority as the local authority is the representative of the people of the area.

				should not be compulsory upon the licensee to frame conditions and again the procedure suggested will result in considerable delay in obtaining the approval of Government. It is therefore thought that the change is undesirable.	Also, vide remarks against serial No. 186. This suggestion may not be accepted.
188		Do.	Do.	*Under Secy. to Govt. of Orissa, Works Deptt., Bhubaneswar.* According to the proposed amendments, the conditions to be made by the licensees are required to be "not inconsistent with this Act or any other enactment in force or with licence or with any rules made under this Act". It is necessary that these conditions should not be inconsistent with the rules made under "any other enactments in force"also. It would, therefore, appear necessary to clarify this by substituting the words"such Acts" in piace of the words "this Act".	It is suggested that the words "in respect of electricity" may be inserted after the words' "or any other eancetment in force" to clarify the intention that the enactments referred to relate to electricity.
189	33	21 (2) & (3) as new 21A (1) & (2)	Please see serial No. 186 for new 21A (1) (2) The State Government may after the like consultation, cancel any condition or part of a condition previously sanctioned under sub-section *(1) after giving the licensee not less than one month's notice in writing of its intention so to do.	*M. P. Electricity Board, Nagpur.* The amendments proposed to the sub-sections (2) and (3) may be agreed. For resons stated alreadyto avoid consequential amendments to E. (S). Act, may continue to retain them under sectipn 21 as sub-sections (2) and (3) as at present. Consultation with local authority appears to be unnecessary; and may be omitted, (Actually, with the well-established practice in the industry, with the rules and provisions of the Act drawn tight, there is very little latitude in making the conditions of supply; it has become more or less standardized). PROPOSED TEXT: C. W. & P. C's draft. Reference to local Authority may be omitted. REMARKS : It may be noted that the sub-sections (2) and (3) do not apply to the Board or are proposd to apply.	(2)—*vide* remarks against serial No. 183. (3)—*vide* remarks against serial No. 187.
190	33	21 (2) as new 21 A (1)	Please see serial No. 186.	*The Secy. to Govt. of Bihar, Electricity Dept., Ranchi.* Consultation with the S. E. B. is necessary and the amendment is alright. But the existing provision whereby the local authority is to be consulted seems	*Vide* remarks against serial No. 187.

1	2	3	4	5	6
				to be needless and so the portion "and the local authority where the licensee is not the local authority" may be omitted. *Govt. of M. P. , Electricity Deptt., Nagpur.*	
191	33	21(2) as New 21A(1)	Please see serial No. 186	After the words "shall be null and void" add"and shall also make the licensee liable for fine of Rs.100 putting such condition, into effect and in case of continuance for Rs. 50/- for each day of such continuance". This is necessary as at present there is no penalty for the licensee putting into effect any such condition without sanction and consumers have no summary remedy to prevent the licensee putting the same into effect. *The Secy. to Govt of Madras. P.W.D., Madras.*	Failure to comply with the provisions of section 21 is punishable under the provisions of section 47 A provision may be incorporated in the Electricity (Supply) Act whereby the licensee should pay fines imposed on him under the Indian Electricity Act for non-compliance with the provisions of any other enactment applicable to the licensees out of his reasonable return or distributable profits computed in accordance with the provisions of the Sixth Schedule to the Electricity (Supply) Act, 1948, as follows : "All fines paid or payable by the licensee, whether under this Act or any other enactment applicable to the licensee for his failure to comply with the provisions of such eanctments shall be payable by the licensee out of his reasonable return or distributable profits".
191A	33	21(A) (1)	Do.	It is suggested that the words "or any other enactment in force" occuring in the proposed sub-section may be deleted. *The Secy. to Govt. Punjab: P.W.D., Electricity Branch, Chandigarh.*	*Vdie* remarks against serial No. 188.
191E	33	21 (2) as New 21A(1)	Do.	It would be advisable that some reasonable period is fixed in which the licensee should be required frame and submit the "conditions" to avoid delay. Further the "conditions" should be sanctioned by the State Electricity Board where such a Board has been formed and in that case sanction of Govt. need not be necessary. When no such board has been formed, only the State Govt. shall accord such sanction.	In his own interest the licensee would frame conditions of supply for regulating his relations with the consumers before he actually commences supply. As the State Govt. is the licensing authority, the conditions of supply should be sanctioned by it and not by the Board which is also a licensee under the Act. This suggestion may not be accepted.

192	34	22	Obligation on licensee to supply energy— Where energy is supplied by a licensee, every person within the area of supply shall, except in so far as is otherwise provided by the terms and conditions of the license, be entitled, on application, to a supply on the same terms as those on which any other person in the same area is entitled in similar circumstances to a corresponding supply : Provided that, no person shall be entitled to demand, or to continue to receive, from a licensee a supply of energy for any premises having a separate supply unless he has agreed with the licensee to *take a supply of energy for not less than two years and to* pay to him such minimum annual sum as will ***..*** *in the aggregate* give him a *return *not exceeding* 15 *per cent per annum* on the capital expenditure ***incurred by him in order to meet the possible maximum demand for those premises, the sum payable to be determined in case of difference or dispute by * *the Electrical, Inspector.*	*M. P. Electricity Board, Nagpur* The amendment proposed by C.W. & P.C. needs examination. In the case of medium pressure and low pressure consumers served from a distributor already laid in urban locations the load density is high. In consequence the outlay per KW of load connected and utilized is low. The low density in urban location being greater by fixing the minimum period of supply as two year and reasonable return at 15%, the licensee has more than a reasonable chance in earning his return. In less developed towns and rural situation, perhaps longer period is required. If we come to HT consumers, even though the % of gross revenue to outlay is considerably greater, the nett return may not be adequate and the period of agreement in such cases must be much longer than two years—say of the order of seven years. Thirdly, the section relates to supply ; the authority responsible now for supply in the State is the State Electricity Boards ; hence any matter or thing relating to supply particularly as to adequacy of return etc. has to be refrerred to them and be decided by that body. The function of the Electric Inspector should be confined to safety matters. A return of 15% should ordinarily be sufficient ; but in certain areas where fuel costs are high and where no fuel clause is in operation, as is the case of medium pressure consumers, the % return may have to be higher ; hence in the drafting there must be some latitude. The revised draft takes into account the foregoing *Proposed text* : Section 23, obligation on licensee to supply energy. Main Section—as existing. Proviso:— "Provided that no peron shall be entitled to demand or to continue to receive, from a licensee a supply of energy unless he has agreed with the licensee *to take supply of energy for such* period provided— (i) *in the case of medium and low pressure supply of not less than two years ;*	The provisions in this section appear to have been misunderstood. The proviso to the section relates to the obligation on the licensee to supply energy to persons having a separate supply *i.e.* for stand-by purposes. Supply on basis other than that on the stand-by basis is governed by the provisions of clause VI of the Schedule to the Act. It is considered that the period of two years in the case of stand-by supply is not adequate to compensate the licensee for the expenditure incurred by him in giving such supply. At minimum period of 5 years would be more appropriate and equitable to both the licensee and the consumer in such cases. The percentage return should line up with that which may be specified in clauses V and VI of the Schedule to the Act. The dispute arising out of the provisions in respect of percentage return on the capital expenditure for giving stand-by supply is identical to the one arising out of the cost of the service line which is to be decided by the Electrical Inspector vide clause VI(3) of the Schedule to the Act. The proposal to empower the Board to settle such disputes may not be accepted. Under the various sections *viz.* 21(4), 24(2), 26(4), (6) and (7), 50, 54, clauses VI(1) & (3), VIII(2), XIII, XV, XVI and XVII of the Schedule to the Act, the Electrical Inspector is entrusted with other administrative matters. There is no reason why he should not be entrusted with the administrative functions of the nature specified in this section. This suggestion may not be accepted.

1	2	3	4	5	6
192	34	22 proviso Contd.	Please see serial No. 192	*M.P. Electricity Board, Nagpur.* (ii) *in the case of high pressure supply of not less than five years.* P. S. in the case of supply to consumers situated in rural or suburban area, above period may be increased to three and seven years respectively ; and to pay to him such minimum annual sum as will, in the aggregate, give him a gross return (not less than) of 15% per annum on the capital expenditure incurred by him in order to meet the possible M.D. for those premises ; in the case of difference or dispute as to the amount or the adequacy of return, it shall be decided by reference to the State Electricity Board where constituted and to the State Govt. or an officer named for the purpose where no State Electricity Board is constituted. *Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking Bombay.;*	
193	D .	Do.	Do.	At the end of this Section, the following new provisos may be added : (1) "Provided that the licensee shall, if he so desires demand a deposit to cover the assessed or guaranteed energy consumption over a priod not exceeding three months, before giving supply or at any time after such supply has commenced, the consumer being entitled to interest on such deposit at the current rate of interest allowed by the P. & T. Department for Savings Bank Accounts." (This proviso is intended to demand a security deposit to cover the assessed energy consumption and to avoid any loss of revenue due to non-payment of energy charges by the consumers. The licensee will have to pay interest on such deposits at the current rate of interest allowed by the P. & T. Department for Savings Bank Accounts).	(1) The provision in respect of security deposit for the energy consumed, could be made in the conditions of supply as sanctioned by the Govt. (2) Obligation supply D. C. for extensions when only A.C. supply is available is a matter which should be left to the licensee to settle with the consumer by negotiation. For several reasons incorporation of a statutory provision in this respect is not considered advisable. This suggestion may not be accepted.

				(2) "Provided that any consumer already served with direct current supply and requiring additional supply, shall not demand, as a matter of right a direct current supply when the licensee is in a position to offer alternating current for his additional supply. In such a case, he may, if he chooses, demand A. C. supply for his entire installation, replacing such of his D.C. appliances as will not work on A. C. at his own cost." (This proviso is intended to permit the licensee to refuse to give D. C. supply for additional requirements. *Dy. Secy. to Govt. of Saurashtra, I.&S. Deptt., Rajkot.*	
194	Do.	Do.	Do.	The return of 15% is mentioned. It is desirable that this return should be clearly specified whether this return is gross, meaning thereby that if the line costs. Rs. 100/-, Rs. 15/- should be received per year towards the charges of electrical energy and maintenance of the line and depreciation and interst charges. 1% looks rather a small amount, if all these charges are coverd thereby. A clarification is, therefore, desired. *The Secy. to the Govt. of West Bengal, C.&I. Deptt., Mines & Power Branch.*	The words "gross revenue" may be substituted for the words "gross return" in this section as well as in clauses V and VI of the Schedule to the Act. Regarding the percentage, reference may be made to the remarks against clauses V and VI of the Schedule.
195	Do.	Do.	Do.	While agreeing to the amendments proposed in this section, it is suggested by this Govt. that the words "or if the licensee or the consumer so desires, by arbitration" should be inserted after the words "Electrical inspector" at the end of proviso to the section. *The Bengal Chamber of Commerce & Industry, Calcutta.*	This suggestion may be accepted.
196	Do.	Do.	Do.	The Chamber has no objection to disputes arsing out of this provision being referred to the Electrical inspector but a definite objection must here be tabled to the formula defining "Reasonable Return". (*Vide* the comments on Clause VI of the Schedule.)	*Vide* remarks against clauses V and VI of the Schedule to the Act.
197	34	Proviso.	Please see serial No. 192	*Office of the Chief Electric Inspector, Government of West Bengal, Calcutta.* This proviso deals with unusual and perhaps rare cases and is not one of common cases as are dealt with under Clause VI (1) of the Schedule to the I. E. Act. A difference or dispute arising in connection with return of 15 per cent should go also in the hands of arbitrators if the licensee or the consumer so desires. It is suggested that " or if the licensee or the consumer so desires, by arbitrators" may be inserted after "Electrical Inspector".	*Vide* remarks against serial No. 195.

1	2	3	4	5	6
198	34	22	Please see serial No. 192	*M/s. Andrew Yule & Co., Ltd., P. B. No.* 150, *Calcutta*—1 We have been able to study the matter in more detail, and consider that the following aspects are important enough to be brought to your attention despite the fact that the Federation addressed you by their FEU/38/691/54 dt. 26/2/54, and we have informed the Federation to this effect. *Section* 22.—As this stands at present it affects all licensees whether the supplies are to owners or occupiers on the one hand or to sub-licensees on the other. In the note on this section in " The Law relating to Electrical Energy in India and Burma " Mears makes it clear that the actual conditions relating to the two types of consumers are laid down in the Schedule ; and in fact we find Clause VI applying to owners and occupiers and Clause IX applying to sub-licensees. For this reason the existing section 22 is in general terms. The proposed amendments, while retaining the application to all consumers, at the same time seek to introduce particular terms, namely, the period of two years and the return of 15 per cent. While the percentage finds a place in the proposed amendments to Clauses VI and IX, the two year period becomes a five year period in Clause IX. Therefore in so far as the amendments to both Section 22 and Clause IX apply to sub-licensees they are inconsistent. Our Companies are particularly affected for in the areas in which they operate urban loads have always been comparatively small, and for this reason large consumers are on the same footing as sub-licensees according to the terms of our licences. The above inconsistencies will, therefore, affect nearly all our consumers. Apart from our special circumstances, we feel it would be unfortunate if amendments to the Act resulted in the introduction of inconsistencies which do not at present exist, and to avoid confusion and subsequent disputes it would seem that if Section 22 is amended at all it should still be left in general terms as it is at present. The Proposed 15 per cent Reasonable Return has been fairly fully commented upon by the Federation but in	As mentioned in remarks against serial No. 192 it appears that there is some misunderstanding regarding this provision. The proviso to the section deals with the supply for the stand-by purposes only. Regarding the percentage of gross revenue, reference may be made to the remarks against clauses V and VI of the Schedule to the Act. It has now been suggested that the period for minimum guarantee may be increased from 2 years to 5 years in the case of stand-by supply to safeguard the interest of the licensee *vide* remarks against serial No. 192).

the views which it has put forwarded it has not stressed the following important aspect of the matter.

As you will be fully aware the local conditions under which licensees operate vary greatly in different parts of India. The point we wish to make on behalf of ourselves and all other undertakings not enjoying large urban loads (we feel there are many such Undertakings in India) is that any precise fixing of the Reasonable Return will in many cases prove to be uneconomical. We submit that in a large continent of the size of India, and having in mind the country's present stage of electrical development the Reasonable Return should not be fixed at the same level for all areas but should be variable according to local conditions. In setting out the figures which follow we have regarded our two Undertakings as one unit for not only is one the subsidiary of the other, but the two areas are contiguous (covering between them the important Raneegunge Coalfields), the type of load being identical.

	Area of supply in sq. miles	Units sold in millions. p.a.	Units sold in millions per sq. miles
1. Calcutta Electric Supply Corporaton	540	1,013	1·88
2. Gourepore Electric Supply Company.	27	75	2·75
3 Associated and Dishergarh (combined)	262	103	0·39

The above represnt the four largest units in West Bengal. We do not know whether Undertakings 1 and 2 above have any unsatisfied demands in their areas. So far as our Undertakings are concerned, however, we can say they have met all calls made upon them.

The above figures should be considered in conjunction with the following, the All-India figures being taken from the 1951 published statistics :—

	All India	Our Undertaking
Number of Industrial Consumers.	4·2%	80%
Percentage of units sold to Industrial Consumers	63·7%	99%

It should not be thought that domestic supply has been

1	2	3	4	5	6
				neglected in our areas. This is taken care of by 4 sub-licensees who enjoy industrial rates. The result is that virtually all the income of our Undertakings derived from industrial consumers. The average length of line to give them supply is 1·25 miles, and under the proposed amendments to Act the average capital cost to our Undertakings would be approximately Rs. 30,000/-, including line and switchgear only. The proposed Reasonable Return at 15% on an expenditure of Rs. 30,000/- amounts to Rs. 4,500/- p. a. Our average selling price is 11·42 pies per unit and the depreciation component included therein according to the provisions of the 1948 (Supply) Act is 0·66 p. p. u., or approximately 5·8% of the income. This percentage of a Reasonable Return of Rs. 4,500/- p. a. equals Rs. 261/- p. a. which in fact is all that our Undertakings would receive as depreciation in respect of such a supply. On the other hand, the depreciation which the Undertakings would be bound to set aside by the straight line method under the 1948 Act on a capital expenditure of Rs. 30,000/- would be about Rs. 1,350/- p.a. It is clear, therefore, that every new connection given on such a basis would result in a loss of Rs. 1,089/-p.a. The recovery of Rs. 261/- p. a. for depreciation is so small in relation to the Rs. 1,350/- required under the 1948 Act that the seriousness of the proposed amendments when applied to our areas becomes obvious. By contrast, the above figures show that on an All-India basis the percentage of units sold to domestic consumers is 36·3%. Applying this figure, for example to Calcutta, where much of the domestic load is sold for 2·5 annas per unit, a very different picture appears, and in so far as similar conditions may apply to other large towns and cities in India a Reasonable Return of 15% may well be fair and adequate. This is not so, however, in rural areas such as ours. We appreciate, of course, that a shortfall on account of recovery for depreciation in respect of new consumers could be made up by increasing rates generally. We do not know whether, as a matter of policy, this is what Govt. intends should happen in such circumstances.	

For our part we feel it would be unfair to make old consumers subsidies the new.

However, this may be, licensees are not always free to raise their rates. Our Undertakings are in such a position at the moment, being in the middle of a period of 3 years and operating under rates laid down by a Rating Committee under the 1948 Act. Under these rates our Undertakings have not been able to earn their reasonable return under the 1948 Act. Even, if they were able to do so there would be no margin to cover the above explained shortfall in respect of new consumers. Such losses would have to be borne by licensees out of their reasonable return, and under the 1948 Act in the absence of a balance in the Tariffs and Dividends Control Reserve licensees have no means of recovering these losses at a later date.

Other amendments to the 1910 Act as now proposed will have the effect of placing a greater burden on licensees for providing expansion capital. That these should be joined with others, as discussed in this letter, making it even more difficult for licensees to achieve a reasonable return under the 1948 Act (which in the industry's view is already inadequate) presents, in our view, an unrealistic appreciation of the industry's problems. Our attention has been drawn to an article by Mr. K. V. Karantha in the April 1954 issue of the " Power Engineer ". References are made therein to the equivalent U. K. Act. So far as we are aware, licensees in the U.K. were not at the same time subject to legislation similar to the E. (S). Act 1948. The amendments to the 1910 Act now proposed will clearl involve our Undertakings in considerable additional capital expenditure. This could probably be overcome by loans from the Provincial Board, but this is not possible until the Board is set up. Since our Managing Agents have already imposed a limit on the cheap money they are prepared to lend, and since the Undertakings have been unable to raise fresh capital, the proposed amendments will mean our Undertakings borrowing from the Industrial Finance Corporation or from elsewhere at an overall loss.

On the question of revenue, the shareholders, for the time being, should be assured of a reasonable return. This is not always possible even now, and the reasons for this is sometimes the unreasonable, and, in some views incorrect, interpretation of the 1948 Act by State Govts. The proposed 1910 Act amendments will

1	2	3	4	5	6
				tend to worsen the position. We submit that in the interests of consumers and shareholders alike these amendments should not be introduced until the 1948 Act itself has been suitably changed and clarified. We earnestly request also that in amending the 1910 Act, due consideration be given to the many and varied circumstances under which licensees are operating. Although our Undertakings are not the largest in India they are not, nevertheless, negligible either in terms of sales or as regards the importance of the industries, which they serve ; nor do we feel that our Undertakings are altogether exceptional having in mind the gradual industrial development in otherwise rural areas. We would be prepared to discuss these matters with you should you feel it necessary, but we have deal with the matter in detail in the hope that our views will be fully understandable and will receive due consideration by the Advisory Board. *The Federation of Electricity Undertakings of India, Bombay.*	
199	—	22	New Suggestion	Section 22 should be expanded to provide a reasonable return on both Plant and Mains and a long period of guarantee being not less than 5 years when a requisition for supply *prima facie* involves an increase in the generating capacity of the licensee or substantial reinforcement of Mains. This question is expanded in the comments under Clauses V and VI of the Schedule. *The Secy. to Government of Bihar, Electricity Dept,. Ranchi.*	The cost incurred by the licensee on account of the augmentation of the generating plant to provide for the stand-by supply is already covered by the provision, as it refers to the capital cost incurred by the licensee in order to meet the possible maximum demand of the consumer. As regards the period of guarantee, it is proposed to extend it to 5 years, *vide* remarks against serial No. 192.
200	34	22	Please see serial No. 192	What is considered to be reasonable return has been specified. The intention is that the licensee should get at least a return of 15 % per annum on his investment. The words " return not exceeding 15% per annum " would mean that the licensee cannot actually get more than this. It is felt that these should be replaced by the words " return not less than 15% per annum ". *The Secy. toGovt. of Andhra, P. W. & Transport Deptt., Kurnool.*	It is desirable to fix the ceiling and not floor as suggested. This suggestion may not be accepted.
201		Do.	Do.	There is no provision for supply for temporary purposes	The provision in respect of Temporary supply etc. could appropriately be made in the conditions of supply.

				for a period of less than two years. Temporary supply has become a regular feature. Provision may, therefore, be made that in case of temporary supplies for a period of less than two years, the licensee may insist on the consumer paying the cost of erection and dismantling of the lines in addition to the charges for the supply of energy.	This suggestion may not be accepted. (i) *Vide* remark against serial No. 194 (ii) Do. No. 192 (iii) This is already covered by the existing provision. (iv) *Vide* remarks against serial No. 201
201A	34	22	Please see serial No 192	*The Secy. to Govt. of Madras, P.W.D., Madras.* This Government would suggest that the proposed revised section may be suitably modified to provide for the following :— (*i*) For the word, " return", the words " gross revenue " may be substituted ; (*ii*) The minimum period of agreement may be five years ; (*iii*) The gross revenue to the licensee per annum may be 15% of the capital cost. (*iv*) In the case of temporary supplies for periods of less than two years, the licensee should have the option to insist on the consumer paying the cost of erection and dismantling of the lines as an additional charge over and the above the charges for the supply of energy.	
202	35	23(1)	23. Charges for energy to be made without undue preference. (1) A licensee shall not in making any agreement for the supply of energy, show undue preference to any person, but may, save as aforesaid, make such charges for the supply of energy as may be agreed upon.	*Shri T. S. Rao, Chief Engineer, B.E.S.&T. undertaking, Bombay.* This Clause may be redrafted as follows :— " (1). A licensee shall not, in making any agreement for the supply of electric energy, show undue preference to any person on his published tariffs and any consumer may choose any of the published tariffs from which he is not excluded by its wording and that, except in the case of special agreement, no consumer shall have better or worse terms than given in the published tariffs ". (The undue preference clause should apply mainly to ordinary consumers who are charged in accordance with published tariffs.) " Provided that when a licensee supplies both direct current and alternating current in his area of supply, he shall be entitled to charge a higher rate for supply of energy to the consumer served with D. C. supply ". (This is justified on account of the higher cost of conversion of A. C. to D. C. and will also accelerate the elimination of the existing D. C. supplies).	

202	35	23 (1) *Contd.*		"Provided that the licensee shall have the option to enter into special agreements, having regard to the location, load factor, time of use, power factor, demand and quantity of power and energy, but such special agreements shall not give any special terms that are not justified by the circumstances and that any consumer shall be entitled to terms as good as those in force under any agreement under similar circumstances ". (Please see remarks, in brackets, under sub-clause (1) above). " Provided that in case of dispute between the licensee and the consumer of an undue preference in respect of any special agreement, the matter shall be either referred to an Electrical Inspector and decided by him, or if the licensee or the consumer so desires, determined by arbitration. The arbitrator shall have specific powers to call upon the licensee, copies of agreements with any consumers named by the party to the dispute, but the arbitrator should have no powers to disclose the contents except by the permission of the licensee and the consumer with whom such agreement is made." (This is a safeguard to provide against undue preference to any one among the consumers covered by special agreements.) *The Secy. to the Govt. of West Bengal, Commerce & Industries.* *Deptt., Mines and Powers Branch.*	(*i*) The proposal is covered by the existing text of the section. As regards the charging of higher rates for D.C. supply this is left to the discretion of the licensee. So long as this does not read to preferential treatment and his clear profit do not exceed the amount of reasonable return laid down in the Electricity (Supply) Act as far as possible. (*ii*) There is nothing in the Act to prevent the licensee from entering into the special agreements with any of his consumers so long as such agreements do not result in undue preference. (*iii*) It is considered advisable to provide for the machinery for determining whether the licensee has been or has not been showing undue preference It is suggested that the following paragraph may be added to sub-section (1):— "Where any difference or dispute arises as to whether the licensee or has not shown undue preference, the matter shall be referred to the Electrical Inspector and decided by him or, if the licensee or the consumer so desires determined by arbitration."
203		do.	Please see serial No. 202	In view of the comments offered by this Government on Item No. 14 Section 3 (2) (*d*) (*i*), it is felt that no amendment to the existing section of the Act would be necessary.	*Vide* remarks against serial No. 50.

				The Bengal Chamber of Commerce and Industry, Calcutta	
204		—do—		This clause should also be made applicable to State Governments.	The State Government will have the same duties and obligations of the licensee as imposed on the State Electricity Board under section 26 of the Electricity (Supply) Act, 1948 whereby the Boards are exempted from the provisions of section 23 relating to preferential treatment. Under sections 47 and 49 of the Electricity (Supply) Act, 1948, however, the Boards are not required to show undue preference to any licensee or other person respectively. It, therefore, follows that the Boards are also subjected to the provisions of section 23 (1) of the Indian Electricity Act, 1910. The proposed definition of the term "licensee" under section 2 (h) will, therefore, require suitable amendment. The provisions under sections 26 and 47 and 49 of the Electricity (Supply) Act, 1948 appear to be inconsistent. The proposal for a suitable amendment to section 26 *ibid* will be forwarded to the appropriate authority.
				The Secy. to Government of U.P., Power (B) Deptt., Lucknow.	
205		—do—	—do—	The remarks against item 14 above apply in this case also	*Vide* remarks against serial No. 53.
				The Secretary to Government of Andhra, P.W. and Transport Department, Kurnool.	
206		—do—	—do—	In view of the remarks against Item 14, the proposed amendment is not necessary.	—do—No. 55
				The Secy, to Government of Bihar, Electric Dept., Ranchi.	
207		24(1)	Discontinuance of supply to consumer neglecting to pay charge:— (1) Where any person neglects to pay any charge for energy, or any sum other than a charge for energy due from him to a licensee in respect of the supply of energy to him, the licensee may, after giving	New Suggestion: The section as it stands would seem to empower a licensee to cut off supply to all or any other premises of a consumer for arrears due to him in respect of supply to a particular premises of the same consumer. This does not appear to be correct, particularly when different premises of the consumer are occupied by tenants. It is necessary to lay down that	Every premises to which the supply is given by the licensee is allotted a consumer number so that when any payments are due from any particular consumer, the licensee can penalise him by disconnecting the supply of energy to that particular premises. As far as it is known no licensee has cut off the supply to a dozen premises belonging to one

			not less then seven clear days' notice in writing to such person and without prejudice to his right to recover such charge or other sum by suit, cut off the supply and for that purpose cut or disconnect any electric supply-line or other works, being the property of the licensee, through which energy may be supplied, and may discontinue the supply until such charge or other sum, together with any expenses incurred by him in cutting off and re-connecting the supply, are paid, but no longer.	the penalty of disconnection will apply only to the premises in respect of which payment is in arrears. So the section should be reworded as follows: (24 (1)—Where any person neglects to pay any charge for energy or any sum other than a charge for energy due from him to a lecensee in respect of the supply of energy to him for a prticular premises, the licensee may after giving not less than seven clear days' notice in writing to such person and without prejudice to his right to recover such charge or other sum by suit, cut off the supply to those premises and for that purpose cut or disconnect any electric supply line or other works being the property of the licensee, through which energy may be supplied to those premises and may discontinue the supply in respect of such charge or other sum together with any expenditure incurred by him in cutting off and reconnecting the supply to those premises are paid, but no longer.	owner for non-payment of bills due for one of his premises (consumers). It has to be appreciated that it would not be prudent on the part of the licensee to disconnect all the connections of the consumer as it would result in loss of business to him. The above intention is quite clear from the existing provision. The suggestion may not be accepted.
			Discontinuance of supply to consumer neglecting to pay charge.	*M. P. Electricity Board. Nagpur.*	
208		24 (2)	(2) Where any difference or dispute has been referred under this Act to an Electrical Inspector before notice as aforesaid has been given by the licensee, the licensee shall not exercise the power conferred by this Section until the Inspector has given his decision: Provided that, the prohibiton contained in this sub-section shall not apply in any case in which the licensee has made a request in writing to the consumer for a deposit with the Elec tircal	See notes against Section 22, item 34. As stated therein in matters of dispute relating to supply, the matter is best decided by the State Electricity Board. Hence sub-section (2) may be suitably amended PROPOSED TEXT: 24 (2). Substitute State Electricity Board for Electric Inspector.	*Vide* remarks against serial No. 192.

			Inspector of the amount of the licensee's charges or other sums in dispute or for the deposit of the licensee's further charges for energy as they accure, and the consumer has failed to comply with such request.		
209	—	New 24 A		*M. P. Electricity Board, Nagpur.* This section is introduced to meet an urgent want to ensure in public interests continuance of supply to essential purposes once supply has been commenced notwithstanding a dispute as to the terms of agreement, non-payment of charges or sums due by the consumers since the licensee loses thereby the most effective method of realising sums due, the Government has to ensure its recovery as a government due and payment to the licensee effected. The proposed section will appear immediately after section 24. The draft is intentionally made comprehensive and gives powers to recover sums due from the consumers as an arrear of land revenue. Any order passed and the the protection to the consumer should be limited to only once. If for reasons beyond his control the consumer is unalbe or is prevented to make payments towards supply received, it is expected that the State Government at the time of passing the order or at least on receipt of a notice from the licensee, may direct the consumer in advance, if necessary, to make the payment to the licensee. *Proposed Text*: POWER OF GOVERNMENT TO DIRECT CONTINUANCE OF SUPPLY IN CERTAIN CIRCUMSTANCES: (*i*) Notwithstanding Section 24 of the Act the State Government may in public interest, if in its opinion continuance of supply to water works, sewage installations, Rlys., street lights, Hospitals, communications, Broadcasting or other public or essential services as may be declared by the Government in this behalf or any consumer as may be notified it so direct the licensee (which term shall include the sanction-	*Vide* remarks against serial No. 87.
	—				

1	2	3	4	5	6
209	New 24 A *contd.*			holder or other supplier of energy); and the licensee thereupon without prejudice to recovery of anv sums due, shall comply with the order; (*ii*) The State Government shall on application by the licensee after due examination thereof, direct the consumer to make such provisional payment to the licensee on account and the dispute shall be decided by arbitration within six months from the date of order or such extended time but not exceeding three months as the State Government may grant; where the dispute is as to the terms of agreement or to the rates for supply thereof, the State Government shall direct the same to be decided by arbitration; (*iii*) Where on the expiry of agreement the licensee (non-licensee or other supplier of energy) gives notice to the consumer in accordance with the terms of the agreement of his intention to cease supply on expiry of the agreement, the State Government where it is satisfied that it is necessary in public interest notwithstanding the notice, may direct the licensee (non-licensee or other supplier of energy) to continue the supply beyond the period of agreement but not exceeding six months under the same rates and conditions as contained in the outgoing agreement; and the consumer shall, within the extended period make alternative arrangements. (*iv*) In the absence of an alternative source of supply, where in the opinion of the State Government, the licensee (non-licensee or other supplier of energy) has adequate capacity and in the case of person giving the supply not principally engaged in the business of electricity supply where such additional capacity is not required immediately (not within two years thereof) by him for his own use, may direct the licensee (non-licensee or other supplier of energy) to continue the supply beyond the period of agreement for two years on such terms and rates as may be fixed by the Government and the same shall be complied with; in the event of a dispute as to rates, it shall be decided by arbitration; but with out prejudice to the consumer to continue to make provisional payment in the mean time.	

				Provided, the State Government may pass an order under any of the circumstances foregoing only once; the licensee shall be free except where the non-compliance is in respect of non-payment and the State Government advances the same and guarantees payment for supply to be made in accordance with the order to discontinue supply without prejudice to any other remedies open to him for non-observance by the consumer of the order after due notice to the Government and the consumer in this behalf. (REMARKS: This will not apply to the Board.) (2) The State Government, where the consumer makes a wilful or prolonged default in complying with the order and to make payment to the licensee (or non-licensee or other supplier of energy) for energy supplied or other charges incidental thereto in due time, on receipt of due notice by the licensee in this behalf, shall within thirty days, pay the same to the licensee; the sums so paid shall be a first charge on the assets of the consumer and be recovered as an arrear of land revenue; where the consumer is a local body, or Dept. of the Government, the Central or the State Government, as the case may be, on application by the State Government direct the same to be paid. *Government of M. P., Electricity Deptt., Nagpur.*	
209A	—	—do—	Please see serial No. 209	The following section should be added as new Section 24A. "*Power of Government to direct continuance of supply in certain cases:*—Notwithstanding section 24 the licensee or the sanction holder shall not discontinue supply to water-works, sewage installations, railways, street lights, communications, broadcasting or other public utilities to be so specified by the State Government, without giving a prior intimation of two weeks to the State Government indicating therein the disputes between the licensee or sanction holder and the public utility. If the State Government consider it in the public interest to direct continuance of the supply after the date so notified, it may direct the licensee and further direct that the disputes between the licensee or sanction holder and the public utility be referred to an arbitration. The State Government may also direct the date from which arbitration decision would be effective.	*Vide* remarks against Serial No. 87.

1	2	3	4	5	6
				If the licensee contravenes the directions and discontinues the supply the State Government may take steps to reconnect and recover the cost from the licensee as an arr ar of land revenue. He shall also be on conviction for the offence of contravention of the direction punishable to a term of imprisonment of either description not exceeding six months and fine which may extend to one thousand rupees. This section is necessary to deal with the cases of recalcitrant licensees cutting off supplies from Railways or other public utilities on small disputes such as rates etc. causing comparitively greater inconvenience to the public. *Shri T.S. Rao, Chief Engineer, B. E. S. & T undertaking Bombay.*	
210	37 26(1) Proviso		*Meters:*— (1) In the absence of an agreement to the contrary the amount of energy supplied to a consumer or the electrical quantity contained in the supply shall be ascertained by means of a correct meter, and the licensee shall, if required by the consumer, cause the consumer to be supplied with such a meter: Provided that, the licensee may require the consumer to give him *such* security for the price of a meter *as the State Government* may *fix in this behalf* and enter into an agreement for the hire thereof unless the consumer elects to purchase a meter.	It is considered that the option of the consumer now to provide his own meter should cease and all meters should be supplied and maintained by the licensee. Further, it is suggested that the Central Electricity Board should have powers to fix standard basis for rents for all ordinary meters which should be applicable for all licensees throughout the country. This standard rent should include an element of insurance charges to cover replacement of meters stolen or damaged due to some mishap for which neither the licensee nor the consumer could be held responsibl e This will enable the licensee to fix the meter in the main passage or other places open to the public and exposed to theft, damage, etc. and relieve the consumer of his responsibility for the damage to or loss of the meter. In line 6, sub-clause (1), substitute the words "if required by the consumer cause" by "supply" and in line 7, delete "to be supplied with." In lines 5/6 of the proviso, delete the words "unless the consumer elects to purchase a meter."	It is not considered advisable to take away the right of the consumer to provide his own-meter. For several reasons it would not be desirable to fix the standard basis for rent for all types of metering equipment. In any case such provision cannot be made in the Act. If at all it has to be made, it will have to be made in the rules. The suggestion may be passed on to the Central Electricity Board for consideration. This suggestion may not be accepted.
211	—do—	*Proviso* to 26 (1).	—do—	*Office of the Chief Electric Inspector, Govt. of West Bengal Calcutta.* The provisions of section 26 should also be made applicable to non-licensees and other suppliers of energy so as to be in keeping with the definition of "consumer" in item 3 and in fairness to the persons supplied with energy by such non-licensees etc.	(1) Under the proposed provisions of section 2 (h) the State Government is also a licensee like the State Electricity Board under the provisions of section 26 of the Electricity (Supply) Act. Other suppliers of energy like a sanction-holder and the Damodar Valley

212	37	26 (1) *Proviso*	Please see serial No. 210	*M. P. Electricity Board, Nagpur.* Meters: In the case of medium or low pressure supply, where no instrument transformers are needed, the cost of meter for purpose of fixing the security under sub-section (1) or the hire thereof is easily fixed. Where instrument transformers are required and particularly where an equipment combining isolating arrangements, protective gears, instrument transformers, meters, many licensees fix the meter hire on the combined cost of the equipment as a whole. Providing terminal gear, isolating arrangements and breakers, if any, in lieu of cutouts, is the licensee's responsibility *vide* I. E. Rule 40 or new Rule 30. To make the intention clear, either the term meter has to be defined in the Act or the Rules or the Section 26 suitably amended by a second proviso to sub-section (1). As regards the proposal of C.W.P.C. for the State Government to fix the amount of security deposit, it appears unnecessary for the licensee takes a security deposit for energy supplied. A further deposit for meter is unnecessary. The correct thing for them and for the Government is to lay down a formula for the purpose in the conditions of supply, where approval is sought for the miscellaneous charges as an item thereof. PROPOSED TEXT: Redraft of Section 26 (1) as per existing draft. Add the following:— Provided further, where an equipment comprising terminal gear isolating arrangements, circuit breaker relays, instrument transformers and meters including demand indicators their switches or special apparatus are installed, the cost of meter for purpose of determining the hire but not for fixing the security	Corporation would not be subjected to the provisions of this section. In any case the Corporation is not governed by any provisions of either the Indian Electricity Act or of the Electricity (Supply) Act as it is not a licensee. The sanction-holder could be made to comply with the provisions of this section by providing for it in his sanction. Such a provision is invariably made in the sanctions granted. This suggestion may not be accepted. Under the provision of this section and of clauses V and VI of the Schedule to the Act, the licensee is entitled to require the consumers to deposit securities with him in espect of the price of the meters and the energy supplied to them only. In practice, consumers are required to pay security deposit on account of energy only which is based on the estimated energy to be consumed for a period of 3 months approximately. Such provisions are made in the conditions of supply made by the licensee and sanctioned by the State Government. The Board has been of the opinion that the amendments should be kept to the minimum. It is, therefore, suggested that the proposed amendment to the proviso may not be accepted.

1	2	3	4	5	6
				shall exclude the cost of terminal gear, isolating arrangements, circuit breakers, protective relays or other apparatus mounted thereon not required for purposes of metering or for computing the charges for supply but it shall include the cost of all other apparatus including the instrument transformers therefor. For purposes of fixing the security the entire cost of equipment may be considered and the amount be fixed in accordance with the formula as may be approved by the State Government. *The Secretary to Government of Travancore-Cochin, P. W. and Communications Deptt. (Elec. Section), Trivandrum.*	
213	..	26(1) Proviso	Please see serial No. 210.	According to this provision a consumer has either to purchase a meter or pay hire for the meter installed by the licensee. The practice followed in the State Electricity Deptt. is to treat the meter also as an appliance like wire, post, etc. provided by the Deptt. for supplying energy to a consumer. The system is more beneficial to the consumer and it is hard that a consumer is put to pay hire indefinitely. Hence it may be considered whether the system which is being followed by the State Electricity Deptt. may be introduced in other places also. *Under Secretary to Government of India, Min. of Labour, New Delhi.*	If the meter rental were not directly charged to the consumer but figured in the rates of supply, the consumers who consume more would be required to pay relatively higher charges than those who consume less. This would not be equitable to the consumers concerned. This suggestion may not be accepted.
214	37	26 (1)	Ditto	(*b*) Although provisions under Rule 40 read with Rule 35 (*b*) of the Indian Electricity Rules, 1937, indirectly may be interpreted to require that the meter should be installed at the consumer's premises, nowhere in the Act or in the Rules this requirement has been clearly specified. There have been cases where licensee in the mines Area has been reluctant to provide meters on the consumer's premises. With a view to clarify this matter, it is suggested that the words "which shall be installed at the consumer's premises" be inserted after the word "meter" in fourth line of sub-section (1) of Section 26.	This suggestion may be accepted.

				The Secretary to Government of Bihar, Electricity Dept., Ranchi.	
215		Ditto	Ditto	The proviso in the existing Section by which the licensee may require the consumer to give security for the price of a meter is needless and would be a great hardship to small consumers. Actually in practice most of the licensees take security deposit only to cover energy consumption and not for the price of a meter. This provision may have been alright in pre-war days when the cost of a meter was only about Rs. 10. With the present high prices of meters, it would be a definite hardship to consumers to have to pay a deposit to cover the cost of a meter. The licensee can easily take a risk in this connection. So it is suggested that the portion "give him security for the price of a meter and" may be omitted.	*Vide* remarks against serial No. 212.
				The Federation of Electricity Undertakings of India, Bombay.	
216		Ditto	Ditto	The price of a meter is a known entity, and it is, therefore, not necessary to stipulate that the State Government should fix the quantum of security. The licensee should be free to demand such security as is related to the cost of the new meter. The Proviso may, therefore, be amended as follows:— "Provided that the licensee may require the consumer to give him *due security for the price of the meter not exceeding the cost of a new meter* and enter into an agreement for the hire thereof unless the consumer elects to purchase a meter."	*Vide* remarks against serial No. 212.
				The Secretary to the Government of West Bengal, Commerce & Industries Deptt., Mines & Power Branch.	
217		Ditto	Ditto	The proposed amendment is agreed to. But the State Government would like to point out that the provisions of Section 26 should be made applicable to non-licensees and other suppliers of energy, so as to be in keeping with the definition of the "consumer" as given in item No. "3" of the present amendments. This would, in fairness, be due to the persons supplied with energy by such non-licensees.	*Vide* remarks against serial No 211.
				The Secretary to Government of Madras, P.W.D., Madras.	
217A		Ditto	Ditto	The provision for the consumer installing his meter may be deleted.	*Vide* remarks against serial No. 210

1	2	3	4	5	6
			Meters. * * *	*Shri T.S. Rao, Chief Engineer, B.E.S. & T. Undertaking, Bombay.*	
218	—	26 (3)	(3) Where the meter is the property of the consumer, he shall keep the meter correct, and, in default of his doing so, the licensee may, after giving him seven days notice, for so long as the default continues, cease to supply energy through the meter.	This is in conformity with the proposal that meters shall be owned by the licensee only. This should be deleted. *The Federation of Electricity Undertakings of India, Bombay.*	Please see remarks against serial No. 210.
219	38	26 (5)	A consumer shall not connect any meter referred to in sub-section (1) with any electric supply line through which energy is supplied by a licensee, or disconnect the same from any such electric supply line. * * * * *Provided that, a licensee shall connect or disconnect the meter if required so to do within 48 hours of the service of a notice to that effect on him by the consumer.*	The period of 48 hours stipulated in the proviso is too short, as within this period it is difficult for licensees, especially large undertakings, to conduct the necessary investigation and complete administrative arrangements. The period should, therefore, be extended to at least 7 days. *The Secretary to Government of Punjab, P.W.D., Electricity Branch, Chandigarh.*	The period of 7 days is rather long and much, the period of 48 hours a bit short. It may be increased to 96 hours. This suggestion may not be accepted.
219A	38	26 (5) *Proviso*	Please see serial No. 219	The period of 48 hours is considered to be short. This may be increased to 7 days which practice is being followed by the Electricity Branch. *Dy. Secretary to Goverment of Saurashtra, I. & S. Deptt., Rajkot.*	Ditto
220	39	26 (6)	Where any difference or dispute arises as to whether any meter referred to in sub-section (1) is or is not correct, the matter shall be decided upon the application of either party	Here in this Section the maximum limit of six months is fixed for the defective meter energy calculations. Recently we came across a case where the meter was reading incorrect not because of any fraud, but because of wrong connections on a high tension supply. There was a lot of correspondence between the licensee and	The same suggestion was considered by the Board in its first meeting and it was not accepted, *vide* serial No. 153 of the statement of the remarks of the Member-Secretary of this Board on the comments of the Members of the Central Electricity Board on the

		by an Electrical Inspector, or by a competent person specially appointed by the State Government in this behalf; and where the meter has, in the opinion of such Inspector or person, ceased to be correct, such Inspector or person shall estimate the amount of the energy supplied to the consumer or the electrical quantity contained in the supply, during such time *not exceeding six* months as the meter shall not, in the opinion of such inspector or person, have been correct, and where the matter has been decided by any person other than Electrical Inspector, an appeal shall lie to the Inspector whose decision shall, in every case be final; but save as aforesaid, the register of the meter shall in the absence of fraud be conclusive proof of such amount or quantity: Provided that, before either a licensee or a consumer applies to the Electrical Inspector under this sub-section, he shall give to the other party not less than seven days' notice of his intention so to do.	the consumer and the matter was not settled for more than a year. The difference was as big as 27%. Such a case is not covered by the amendment as suggested in the item. It would, therefore, be suggested that the period of limit of six months should be waived, but the period should be mentioned according to the discretion of the Electrical Inspector and the cause may either be fraud or faulty connection or any other reasonable cause that can be mentioned by the Inspector.	proposed amendments to the Act.
221	—do—	—do—	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. Undertaking, Bombay.* In line 13, substitute the words "not exceeding six months" by "not exceeding three months". It is considered that 6 months is too long a period for making any reasonable assessment of past consumption as extraneous factors such as weather, seasonal operations, etc. may have to be taken into account, which are difficult to assess.	The assessment of energy is to be made on the basis of the percentage error, found on testing of the meter by the Electrical Inspector. It has to be presumed that the Electrical Inspector will give due consideration to such factors as weather, seasonal operations etc. in determining the period for which the refund is to be given or the recovery is to be made from the consumer. The question of the fixation of the period was discussed at length by the Board in its second meeting and the period of six months was considered reasonable *vide* decision on item No. 61 of the statement of the (Draft) of the various sections tothe Act proper based on the decisions taken by the Board in its first meeting.

1	2	3	4	5	6
222		—do—	—do—	*M. P. Electricity Board, Nagpur.* Unlike other supply matters, dispute as to correctness of meters should come within the purview of the Electrical Inspector. The period of six months is too long; it should be in confirmity with practice limited to three months. PROPOSED TEXT Except for the reduction of six months to three months CWPC's amendment be accepted. *The Secretary to Government of Bihar, Electricity Deptt., Ranchi.*	Para (1)—Suggestion to bring the disputes regarding accuracy of meters within the purview of the Electrical Inspector *only* may be accepted and the section suitably redrafted. Para (2)—Vide remarks against Serial No. 221.
223		—do—	Please see Serial No. 220.	This sub-section provides for the settlement of dispute either by the Electrical Inspector or by a competent person specially appointed by the State Government. It also provides for an appeal to the Electrical Inspector in case it was decided by a person other than the former. Now if the latter person is a man senior to and more competent than the Electrical Inspector, such an appeal would not be in order. Normally the Electrical Inspector will decide such cases. In cases where the State Government appoint any other competent person, it would be for weighty reasons and that person would probably be a more senior and experienced person than the Electrical Inspector such as the Chief Electrical Engineer or Consulting Engineer to Government. No appeal is considered necessary. So the words "....and where the matter has been decided by any person other than the Electrical Inspector an appeal shall be to the Inspector whose decision shall in every case, be final" should be omitted. *The Secretary to Government of Madras, P.W.D., Madras.*	Vide remarks against Serial No. 222.
223A	39	26 (6)	—do—	This Government are not agreeable to the proposed time limit of 6 months since a consumer's consumption may vary very substantially within a period of six months due to seasonal changes. *Shri T. S. Rao, Chief Engineer, B.E.S.&T. Undertaking Bombay.*	Vide remarks against Serial No. 221.
224	—	26 (7)	Meters— (7). In addition to any meter which may be placed upon the premises of a consumer in pursuance of the provisions of sub-section (1), the licensee may place upon such premises	The first proviso may be altered as follows:— "Provided that the meter, indicator or apparatus shall not, in the absence of an agreement to the contrary, be placed otherwise than at the point where supply is delivered."	The suggestion is in order as it is defining "the point of commencement of supply." This suggestion may be accepted and the proviso amended as under:— Provided that, the meter, indicator or apparatus, shall not, in the absence of an agreement to the contrary, be placed other-

		such meter, maximum demand indicator or other apparatus as he may think fit for the purpose of ascertaining or regulating either the amount of energy supplied to the consumer, or the number of hours during which the supply is given, or the rate per unit of time at which energ yis supplied to the consumer, or any other quantity or time connected with the supply : Provided that the meter, indicator or apparatus shall not, in the absence of an agreement to the contrary, be placed otherwise than between the distributing mains of the licensee and any meter referred to in sub-section (1) : Provided, also, that, where the charges for the supply of energy depend wholly or partly upon the reading or indication of any meter, indicator or apparatus as aforesaid, the licensee shall, in the absence of an agreement to the contrary keep the meter, indicator or apparatus correct; and the provisions of sub-sections (4), (5) and (6) shall in that case apply as the meter, indicator, or apparatus were a meter referred in sub-section (1). EXPLANATION : A meter shall be deemed to be "correct" if it registers the amount of energy supplied, or the electrical quantity contained in the supply, within the prescribed limits of error and a maximum demand indicator or other apparatus referred to in sub-section (7) shall be deemed to be "correct" if it complies with such conditions as may be prescribed in the case of any such indicator or other apparatus.		wise than at the point where supply is deemed to have commenced.
225	Part III Heading.	SUPPLY, TRANSMISSION AND USE OF ENERGY BY NON-LICENSEE.	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. Undertaking, Bombay.* It is desirable to add the word "Distribution" in the heading. It is considered that the system of sanction under Section	The existing heading cover "distribution". It is essential to retain the provision relating to the grant of sanction by the State Govt.	

1	2	3	4	5	6
				28 to permit any persn to engage himself in the business of supplying energy, is out of date, particularly when even the State Electricity Boards are expected to take licence for this purpose. It is suggested that the entire system of giving sanctions under Section 28 to non-licensees may be abolished altogether and any person who is engaged in the business of electric supply, should do so under a licence.	to non-licensee in cases where an owner has power surplus to his manufacturing requirements for supplying to the area nearabout his premises. This suggestion may not be accepted.
				The heading of Part III may be amended to read as :—	
				SUPPLY, TRANSMISSION, DISTRIBUTION AND USE OF ENERGY BY NON-LICENSEES.	
226	40	28(1)	28. Sanction required by non-licensees in certain cases— (1) No person other than a licensee shall engage in the business of supplying energy except with the previous sanction of the State Government and in accordance with such conditions as the State Government may fix in this behalf, and any agreement to the contrary shall be void. Provided that, such sanction shall not be given within an area— (a) for which a local authority is constituted ***....*** (b) *forming part of any cantonment fortress, arsenal, aerodrome, dockyard or camp or any building or place in the occupation of the Central Government for defence purposes.* (c) *forming part of a licensee's area, including an area for which a State Electricity Board has been constituted without*	*Shri R. Vanchinathan, Chief Electrical Engineer, Northern Railway, Member, Advisory Board.* (i) Freedom for Railways to generate/purchase, distribute and supply electrical energy within its own area of premises— The explanation proposed in our November Meeting under Section 28(2) has been omitted in the final draft. Actually even this explanation was not considered adequate *vide* para. (2) of my D. O. No. 67 Elec. /3 dt. 30/12/53, to your address. It is, therefore, considered essential that the Railways' interest should be safeguarded in this respect either by adding a proper explanation under Section 3(e)/Section 28 (2) or by issuing a directive to the Local Government by the Ministry of Irrigation & Power.	This suggestion was considered by the Board in its second meeting and it was not accepted *vide* Serial No. 4 of the statement of the proposals for amendments received after the preparation of the statement of the proposals for amendments to the Act by the Central Water & Power Commission (Power Wing).

			the consent of the authority concerned unless the State Government considers that *such* consent has been unreasonably withheld.		
				The Secy. to the Govt. of West Bengal, Commerce & Industries, Deptt., Mines & Power Branch.	
227	Do.		Do.	The State Govt. agree to the proposed amendment, but should like to suggest that prior consultation with the State Electricity Board should be provided for.	The requisite provision is already incorporated in clause (c) to the proviso. This suggestion may not be accepted.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
228	Do.		Do.	To meet the requirements of section 70 of the Electricity (Supply) Act, 1948 "consultation with the State Electricity Board" is all that is necessary.	In view of the remarks against serial No. 48 this suggestion may not be accepted.
				Ministry of Railways, (Railway Board), New Delhi.	
229	40	28(1)	Please see serial No. 226.	It is understood from the Railways representative that the majority of the members are not inclined to have any categorical amendment introduced in the revised Indian Electricity Act, and the explanation to Section 28(2) as proposed by the Board is likely to be interpretted by some of the State Govts. that when railways supply power to their own employees, Railways may be considered as having entered into business of supply and any licensee would object to this position. The decision is likely to be more against the Railways' interest especially in the case when the licensee or the Power Supply Authority is the State itself. In order to save Railways from such situations where the interpretation has to be left entirely to the State authorities the Ministry of Railways consider that it would be desirable to have the position reconsidered by the Advisory Board in their next meeting.	Vide remarks against serial No. 226.
				M. P. Electricity Board, Nagpur.	
230	Do.		Do.	The proposals for the consent of Defence Authorities and the S.E.B. are necessary and may be agreed. Apart from this experience indicates that where a sanction holder operates, it is very necessary to provide power to the State Government to revoke a sanction where necessary, to require the sanction holder on	Normally the sanction is given for an area where the supplier is not interested solely in the business of electricity supply. Even if a sanction is given to a supplier who is interested solely in the business of electricity supply, it is given for a very short period and such sanction is replaced by a licence as soon

				the expiry of sanction to sell his assets to the purchaser, and to require the sanction holder's accounts. In effect it practically reduces a sanction holder to the position of a licensee, so long as sanction under Section 30 is not restricted to a non-licensee *e.g.* a factory having generating plant for supplying a few consumers in the area other than that of factory——employees living within the factory area and results in the sanction-holder operating solely or mainly for the purpose of the business of electric supply in the licensed area, I see no wrong in doing so. The existing section is proposed to be extended by a further proviso for the purpose. PROPOSED TEXT : Section 28(1) :—Add to the CWPC's draft as follows : "Provided further, where the sanction holder engages in the area solely or mainly in the business of electric supply, sections 4, 4A, 5, 7 and 11 unless otherwise varied in his sanction shall apply as if he is a licensee: Provided always, provisions of this Act relating to works under Part II, Part III, Part IV, Clauses I, IV, V, VI, VII, VIII, X, XIA, XII, XIII, XIV, XV, XVI and XVII and the Rules framed under the Act where specified therein as applicable shall apply to the sanction-holder as if he is a licensee. *Shri T.S. Rao, Chief Engineer, BES. & T. undertaking, Bombay.*	as possible. This suggestion may not be accepted.
231	40	28(1)(b)	Do.	In line (2) before "aerodrome", add : "Communication, Railway". In line 4, add : "Communication, Railway and" before "defence purposes". *The Federation of Electricity Undertakings of India, Bombay.*	Remarks given against serial No. 46 equally apply to this suggestion also. This suggestion may not be accepted.
232	Do.	28(1) Proviso (c)	Do.	Provision should be made to include the licensee's consent, and it is, therefore, suggested that in sub-clause (c) the word "and the licensee" should be inserted between "authority" and "concerned".	This suggestion may be accepted.

				The Secy. to Govt. of Madras, P.W.D., Madras.	
232A	40	28	Do.	It is considered desirable to define beyond any scope for doubt as to what constitutes "engaging in the business of supply of energy". For this purpose, this Govt. would suggest the adoption of the term "engaging in public supply of energy".	The words 'to the public' may be added after the words, 'business of supplying energy'.
				Shri R. Vanchinathan, Chief Electrical Engineer, Northern Railway, Member, Advisory Board.	
233	41	30(1)]	30. Control of transmission and use of energy (1). No person, other than a licensee, *or a non-licensee* duly authorized under the terms of his license *or his sanction* shall transmit or use energy *at ** one hundred volts and above.* (*a*) in any street, or (*b*) in any place, (i) in which one hundred or more, persons are likely ordinarily to be assembled, or (ii) which is a factory *within the meaning of the Factories Act (LXIII of* 1948), or (iii) which is a mine *subject to the operation of the Mines Act* 1923, or (iv) to which the State Government by general or special order, declares the provisions of this sub-section to apply. Without giving not less than seven clear days' notice in writing of his intention to the *Electrical Inspector and the* District Magistrate or in a Presidency town, to the Commissioner of Police, and complying with such of the pro-	With reference to the proposed amendment to Section 30(1), I suggest that the amount of power to be transmitted should also be limited to say 1000 Watts.	It is suggested that the matter may be reconsidered and the existing provision for 250 watts only should be retained.

1	2	3		5	6
			visions of part IV, and of the rules made thereunder, as may be applicable. Provided that, nothing in this section shall apply to energy used for the public carriage of passengers, animals or goods on, or for the lighting or ventilation of the rollingstock of any railway or tramway subject to the provisions of the Indian Railways Act, 1890 (IX of 1890) ; Provided also, that, the State Government may, by general or special order and subject to such conditions and restrictions as may be specified therein exempt from the application of this section or of any such provision or rule as aforesaid, any person or class of persons using energy on premises upon or in connection with which it is generated or using energy supplied under Part II in any place specified in clause (b) : *Provided futher that, the Electrical Inspector shall be furnished with particulars of plant and nature of supply before the commencement of supply and also when any additions and alterations thereto are made.*	*The Federation of Electricity Undertakings of India Bombay.*	(1) This suggestion may be accepted.
234	Do.		Do.	(1) The third Proviso refers to the operative clause and should therefore come first to be followed by the Provisos which are now first and second and which deal with exceptions.	

				(2) It would seem best to include both the limits of 250 watts and 100 volts.	
				Shri T. S. Rao, Chief Engineer, B. E. S. & T. undertaking, Bombay.	It has to be presumed that, while giving the required notice, the person concerned will furnish particulars of the installation also.
235	41	30(1)	Please see serial No. 233.	In the last proviso, in line 3, after "supply", add "at least 48 hours". In line 5, at the end of the proviso, add "and his directions, if any, are complied with". In line, substitute "when" by "before". It is not sufficient merely to furnish particulars of plant to the Electrical Inspector before commencement of supply but it is essential that at least 48 hours' prior notice should be given and his directions, if any, are strictly complied with, in the interests of safety before commencement of supply.	The suggestion to give at least 48 hours notice in the last proviso may not be accepted. The suggestion of the word 'before' for the word 'when' in the last proviso may be accepted. It is suggested that the provision may be redrafted so as to provide for the approval of the Electrical Inspector to bring into beneficial use such installations.
				The Secy. to the Govt. of West Bengal, Commerce & Industries Deptt., Mines & Power Branch.	
236	Do.		Do.	The State Govt. agrees to the proposd amendment, excepting for the words "one hundred volts and above" occurring in sub-section (1) of Section 30. The existing minimum limit of 250 watts has been sought to be substituted by the words "one hundred volts and above." As even 30 volts may be dangerous to human life and a much lower voltage for animal, it is considered that the wording of the existing Act *i.e.* "two hundred and fifty watts" should remain as it is.	*Vide* remarks against Serial No. 233.
				Under Secy. to Govt. of India, Min. of Labour, New Delhi.	
237	Do.		Do.	(1) It is proposed to substitute te words "two hundred and fifty watts" by the words "one hundred volts and above". The reason given for this amendment is that usually installations at 100 volts and above only are inspected by Electrical Inspectors. (2) From the provisions of this sub-section, it appears, that any person is permitted to transmit or use energy at less than 100 volts at places specified in the sub-section without any restriction. It is not known on what consideration this limit has been fixed, but from the point of view of safety it appears that any unres-	Para (1) and (2)—*Vide* remarks against serial No. 233. Para (3)—The suggestion to refer to the Mines Act, 1952 instead of the Mines Act, 1923 may be accepted.

1	2	3	4	5	6
				tricted transmission or use of energy should be limited to safe voltage. (3) In clause (b) (iii) the reference should be to the Mines Act, 1952, instead of to the Indian Mines Act 1923. The reason for amending the clause given in column 4 should be relevant to the Mines Act and not to the Factories Act.	
				The Bengal Chamber of Commerce & Industry, Calcutta.	
238	Do.		Do.	It is suggested that the following phrase be added to this clause after the words "are made"...."except as provided for under the Electricity Rules".	It is not necessary to add the words as suggested. This suggestion may not be accepted.
				The Secy. to Govt. of U.P., Power (B) Deptt., Lucknow.	
239	Do.		Do.	This State Govt. would suggest that 15 days' notice instead of 7 days should be given where electricity is generated and supplied under section 30 of the Act. It may also be provided that the person generating energy shall comply with such orders of the Electrical Inspector as may be issued in connection therewith.	7 days' notice is considered adequate. (2)—Regarding compliance with the orders of the Electrical Inspector, it is proposed to provide for the approval in writing of the Inspector—*vide* remarks against serial No. 235.
				The Secy. to Govt. of Bihar, Electricity Deptt., Ranchi	
240	Do.		Do.	No relaxation of the provisions of this section is considered necessary in respect of transmission of energy at voltages below 100 volts. Control is desirable in respect of all transmission of energy in any street or public place. Therefore, it is suggested that the words "at one hundred volts and above" may be omitted.	*Vide* remarks against serial No. 233 and 234.
				M. P. Electicity Board, Nagpur.	
241	Do.		Do.	This section relates to supply and hence the Board is interested ; hence a notice to the Board is also necessary besides a notice to the Electrical Inspector as provided by CWPC. The notice period has also to be raised from seven to fifteen days. The S. E. B. is a licensee. The State Govt. where no Board is constituted engages in electricity supply is also in a similar position. By Section 44 of the E. (S) Act, an opportunlty is given to the Board to step in	The grant of sanction for the establishment of new generating station or extension thereto by any person other than the licensees is governed by the provisions of section 44 of the Electricity (Supply) Act, 1948 wherein it is laid down that the licensee as the other person cannot establish or acquire a new generating station or extend or replace any major unit of the plant pertaining to the

				and give supply where establishment of new generating station or major additions or replacements are involved. Since the scope of the E. (S.) Act is also for rationalization of supply and for all matters incidental thereto, it is necessary to provide the grant of such sanctions to vest in the S. E. B. or at least after obtaining there consent thereof). PROPOSED TEXT : Re-draft of Section 30(1) : "No person, other than a licensee or a non-licensee duly authorised under the terms of his license or his sanction-holder or other supplier of energy lawfully engaged in the supply of energy shall transmit or use energy at one hundred volts, or above and at a rate exceeding two hundred and fifty watts without the prior approval of the S. E. B. where it is constituted and prescribed which approval shall not be unreasonably withheld :— (*a*) in any street. (*b*) in any place, (i) in which one hundred or more persons are likely to be ordinarily assembled, or (ii) which is a factory within the meaning of the Factories Act (LXIII of 1948), or (iii) which is a mine subject to the operation of the Mines Act, 1923, or (iv) to which the State Govt. by a general or special order declare the provisions of this sub-section to apply, without giving not less than fifteen clear days notice in writing to the Electrical Inspector (and rest as per CWPC's draft). *The Secy. to Govt. of Madras, P. W. D., Madras.*	generating station without the previous consent in writing of the Board. This suggestion may not be accepted.
241A	41	30(1)	Please see serial No. 233	This Govt. agree to the proposed amendment, subject to the following suggestions :— Where a person who is not a licensee or sanctionee, proposes to give H. T. supply to his factory or to lay H. T. lines outside his premises, it should be made compulsory for him to give intimation of the same to the Electrical Inspector and to the Govt. and not commence supply unless he has received the consent of the Govt. This provision will make it possible to call for the necessary particulars and scrutinise his method of construction etc. before supply can be affected. In the case of intermediate pressure, say, between 200	Adequate provisions exist in the Indian Electricity Rules for the H.T. installations. In other cases the proposed draft provisions are considered sufficient. This suggestion may not be accepted.

1	2	3	4	5	6
				volts and 650 volts, it may not be necessary to insist on the above, conditions for supply to his own factory or where 100 or more persons may assemble. But where lines are to be laid in any street, or public land it may be made obligatory for him to intimate to the Electrical Inspector at least one month before starting supply and to have his methods of construction approved by the Electrical Inspector before starting supply. In cases where supply pressure is less than 200 volts, instead of 7 days, 15 days' prior intimation to the Electrical Inspector is suggested.	
242	..	30(3)	(3) The provisions of this section shall be binding on the Government.	*The Secy. to Govt. of Bihar, Electricity Deptt., Ranchi.* It is for consideration if this sub-section is necessary. When the State Govt. has the power to exempt the application of Section 30(1) in respect of any person or class of persons, there is no need to provide that the provisions of this section shall be binding on the Govt. It is suggested that this sub-section may be omitted.	This provision is necessary as under section 37 (3) rules have been made by the Central Electricity Board, to provide for the protection of persons and property from injury.
243	42	31	31. Protection of railways, canals, *aerodromes*, docks, wharves and piers—No person shall, in the generation, transmission, supply or use of energy, in any way injure any railway, tramway, canal or water-way or any *aerodrome* dock, wharf or pier vested in or controlled by a local authority, or obstruct or interfere with the traffic on any railway, tramway, canal, waterway or *airway*.	*Shri T. S. Rao, Chief Engineer, BES. & T. Undertaking Bombay.* In lines 1 & 8 before "Railways" add "communication". In this section, add new sub-section (2) as under:— "If any difference or dispute arises as to whether the licensee's works are being carried out or are being maintained in a manner so as to obstruct or interfere with the traffic of any railway, tramway, canal, waterway or airway, the matter shall be determined by arbitration". This is necessary to safeguard the interests of the Railways [For explanation—against section 16(3).]	Protection in respect of communication systems is already provided for under section 51 of the Act. Failure to comply with the provisions of this section will render the licensee liable to penalties provided for in section 47. In addition to the above, there are other provisions in the Act [Section 12 (5), 16 (2) which give adequate powers to the Railway to ensure that the licensee executes and maintains his works in such a manner as not to injure the Railways.
[243A	—do—		—do—	*The Secy. to Govt. of Madras, P. W. D., Madras.* It is suggested that for the words "vested in or controlled by a local authority", the words "serving public interests" may be substituted.	The intention appears to be to give protection to Railways, tramways, etc. used for public interests only and not for private interests. In other words, it means that a tramway, canal or waterway owned and operated by a private company in its own interest should not be given the protection envisaged in this section. This suggestion may not be accepted.

				The Secy. to Govt. Punjab, P. W. D., Electricity Branch, Chandigarh.	
243B	42	31	Please see serial No. 243.	The necessity of adding the word "communication" before the word "Railway" in line first and eighth may be considered in order to give due protection to the "communication".	*Vide* remarks against serial No. 243.
				M. P. Electricity Board, Nagpur.	
244	..	New 31A		Protection against interference with Board's works and Govt.'s works is necessary under certain circumstances particularly where it relates to experiments and trials. Interference with works laid for purposes of supply where necessary has to be regulated by sec. 14 & 14A and on payment of expenses and compensation. PROPOSED TEXT: No person shall interfere with any works, investigations, experiments or trials or testing thereof laid or conducted for the improvements of the methods of transmission, distribution & supply of electricity or the utilization of fuel, water power or other means of generating electricity; or interfere with the works laid for purposes of transmission and distribution of energy or the supply thereof except in the manner permitted under this Act and for the purpose mentioned therein.	The State Electricity Board is a licensee for the purposes of the Indian Electricty Act, and therefore penal sections 40 and 44 would be attracted if any licensee or other person injures or interferes with the Board's works. This suggestion may not be accepted.
				The Federation of Electricity Undertakings of India Bombay.	
245	43	33(1)	33. Notice of accidents and inquiries.— (1) I any accident occurs in connection with the generation, transmission, supply or use of energy in, or, in connection with any part of the electric supply lines or other works of any person, and the accident results or is likely to have resulted in loss of life or personal injury, such person shall give notice of the occurrence, and of any loss of life or personal injury, actually occasioned by	It should be made clear that the accidents to be reported are only accidents of an electrical nature	All accidents arising out of the generation, transmission, distribution or use of energy should be reported. It is for the authorities to determine whether the accidents, even though mechanical, should be investigated, as the licensee or other person is required to so construct, work and maintain his installation as to prevent all types of danger, electrical or otherwise.

1	2	3	4	5	6
			the accident, in such form and within such time *as may be prescribed, to the Electrical Inspector and to* such other authorities as the State Government may, by general or special order, direct. *Notice of electrocution of domestic animals shall also be similarly given.*		
				The Bengal Chamber of Commerce & Industry, Calcutta.	
246	43	33(1)	Please see serial No. 245	This amendment which has extended the provision that owners shall give notice to the electric Inspector of accidents to domestic animals, seems to be excessive. The word "domestic" may be deleted.	It is considered necessary to provide for reporting of electrocution of domestic animals also to enable the authorities concerned to take steps to remove defects, if any, in the installation. This suggestion may not be accepted.
				Under Secy. to Govt. of Assam, Planning & Development Deptt., Electricity Branch.	
247	—do—	—do—	—do—	In case of an electrical accident in a private house the report of the accident may also be sent to the licensee or supplier of electrical energy and it should be incumbent on such supplier of energy to inform the Electrical Inspector, since few people will know who the Electrical Inspector is and where he is available, whereas every consumer will ordinarily know the offices of the supplier of electrical energy and it will ensure a report to the Inspector if the supplier of energy is also made liable to report to Inspector on receiving information of such accident from any source.	Under the provision, the State Govt. has the power to require the consumer or the persons concerned to give notice of accidents to the Electrical Inspector and to such other authorities as it may direct. The State Govt., would, therefore, direct the persons concerned to send a report of the accident to the Electricity Supply Co. This suggestion may not be accepted.
				The Secy. to Govt. of Bihar, Electricity Deptt., Ranchi.	
248	—do—		—do—	The intention to provide for submission of notice in the case of electrocution of domestic animals will be achieved by the omission of the word "personal" before injury in line 5. This will also provide for notice being given in case of damage to property. The last para suggested in the draft is, therefore, unnecessary.	It is not intended to require the licensee to give report of the damage to property caused by electricity. The suggestion to delete the word "personal" may not be accepted. Life is usually understood to mean human life. It is, therefore, suggested that the word "human" may be

				M. P. Electricity Board, Nagpur.	added before the word "life" to line up with the provision in section 34(2) (b) of the Act, to make intention clear.
249	—do—		—do—	Notice of electrocutions of the domestic animal is not agreed and may be deleted. It is a good suggestion that the form of notice is prescribed by the C. E. B. PROPOSED TEXT: CWPC's draft except the notice of electrocution of domestic animals. *The Secy. to Govt. of Madras, P. W. D., Madras.*	*Vide* remarks against serial No. 246.
249A	—do—		—do—	It has been specified in the proposed amendment that notice of electrocution of domestic animals shall also be given to the Electrical Inspector. It cannot obviously be the intention that the proposed provision should cover also such cases as the electrocution by certain local authorities, in their electrocution chambers, of stray dogs which come under the category of domestic animals. To provide for such special cases, it is suggested that it may be left to the Electrical Inspector to prescribe what particular domestic animals should be included for such a notice. *The Secy. to Govt. Punjab, P. W. D., Electricity Branch, Chandigarh.*	From the heading of the section, it may be noted that the provision relates to electrical accident and not the planned electrocution of story dogs, cats, monkeys etc. by the local authority This suggestion may not be accepted.
249B	—do—		—do—	The term accident includes all kinds of accidents connected with the generation, transmission, supply or use of energy as provided. For example, falling from a ladder will also be accident. It is suggested that a provision should be made that the accidents are reported to the suppliers of electricity. *Under Secy. to Govt. of India, Min. of Labour, New Delhi.*	*Vide* remarks against serial No. 247.
250		33(2) new proposal		This sub-section provides for an Electrical Inspector or any other competent person to be appointed to enquire into the causes of an accident etc. and a new sub-section (3) providing for powers for such persons in connection with the enquiries has been proposed.	It is customary with the State Governments to entrust the work of investigation into electrical accidents to the Inspector. The provision is only an enabling one, in case where the parties involved in the accident may apply

1	2	3	4	5	6
250	—do—	33(2) New proposal—contd.		*Under Secy. to Govt. of India, Min. of Labour, New Delhi.* Since Electrical Inspector is the official for the enforcement of the provisions of the Electricity Act and Regulations, it does not appear to be the right course to appoint him also as a special Enquiry Officer. The proposed sub-section has, in fact been taken from the Mines Act and a similar provision also exists in the Factories Act (Section 90). In both these Acts, appointment of competent persons has been mentioned, in which "an Inspector" has not been included. In column 4, reference should be to Section 24(2) of the Mines Act 1952, instead of to Section 21(2) of the Indian Mines Act, 1923. (a) The scope of the provisions of the Act particularly under part III and IV of the Act, should not be limited to "State Governments" only. There are various sections under those Parts which are matters of administration by the Electrical Inspectorate under the Union Government also. It is, therefore, suggested that the words "State Government" wherever they occur in the statement now prepared and concerning parts III & IV of the Act, excepting sections 35, 36(A), 37, 38 and 53, should be replaced by the words Union Government or the State Government as the case may be".	to the State Govt. for appointment of persons other than Inspector to investigate into the matter. This suggestion may not be accepted. The function of Electrical Inspectors appointed by the Central Government in respect of mines, oil fields, railways, etc. are limited to matters pertaining to consumers' instalations and the private generating plants located in the areas over which the Central Govt. has jurisdiction and are not concerned with the administrative matters connected with works of the licensees, sanction holders or other suppliers of energy engaged in the business of supplying energy even in areas under the jurisdiction of the Central Govt. Therefore, sections 33(1) & (2), 34(2) only are required to be amended and the words "the Central or the State Government as the case as the case may be" substituted for the words "the State Governmen" at appopriate places in the above sectionts.
			Notice of accidents and inquiries.	*M. P. Electricity Board, Nagpur.*	
251		33 (2)	(1)x x x (2) State Government may, if it thinks fit, require an Electrical Inspector, or any other competent person appointed by it in this behalf, to inquire and report— (a) as to the cause of any accident affecting the safety of the public, which may have been occasioned by, or in connection with the generation, transmission, supply or use of energy, or	Existing section appears adequate provided a liberal interpretation is given, electrical Inspector's equiring should be in the nature of a preliminary enquiry, but where in the opinion of the State Government and on application of S.E.B. in this behalf. Where so requested, a further enquiry is necessary. Govt. must have power to appoint an expert committee of three, one of whom shall be District Judge. Accordingly this as well as proposed new sub-section (3) are being redrafted.	Under sub-section (42) of section 3 of the General Clauses Act, 1897 as modified upto 1st February, 1950, the term "person" is defined as under: "Person shall include any company, or association or body of individuals whether incorporated or not." It should, therefore, appear that the State Government is competent to appoint more than one individual to investigate into the causes of an accident.

			(b) as to the manner in, and extent to, which the provisions of this Act or of any license or rules thereunder, so far as those provisions affect the safety of any person, have been complied with.	PROPOSED TEXT: Repeat existing section and add the following proviso. Provided the State Govt. where in its opinion a further inquiry is necessary, may constitute a Committee of three in this behalf, with such directions as may be expedient, one of whom shall be a judicial officer not below the rank of a Dist. Judge and the second an electrical engineer with wide experience and the third as may be nominated by Govt. other than the Electrical Inspector or the person who conducted the enquiry in the first instance. The Govt. may nominate one of them as Chairman of the Committee.	This suggestion may not be accepted.
				The Federation of Electricity Undertakings of India, Bombay.	
252	44	33(3) New	(3) *Electrical Inspector or the person appointed under sub-section (2), to hold an enquiry, shall have all the powers of a Civil Court under the code of Civil Procedure, 1908, for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects and every person required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of section 176 of the Indian Penal Code.*	It is not considered that the very wide powers sought to be given to the electrical Inspector would add anything to the quantum of truth which the witnesses are likely to manifest at the enquiry and the Federation is in principal adverse to Electrical Inspectors being vested with the powers of Courts of Law.	In practice, Inspectors have been finding difficulty of enforcing attendance of witnesses etc. It is proposed to give powers of a Civil Court to the Electrical Inspector or the person appointed under sub-section (2) only for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects. This suggestion may not be accepted.
				Under Secy. to Govt. of Orissa, Works Deptt., Bhubaneswar.	
253	—do—		—do—	The Electrical Inspector should always hold an enquiry into serious accidents even though he may not be called upon by the State Govt. to enquire and report. In the case of serious accidents there should be no delay in holding the enquiry to enable better appreciation of the causes of the accidents and other relevant matters. The present provision is likely to involve certain delay in obtaining Govt. orders. It is, therefore, necessary that a suitable provision should be	It is customary for the State Governments to issue orders for the discharge of the function under this section along with the delegation of powers whenever the Electrical Inspector is appointed. This suggestion may not be accepted.

1	2	3	4	5	6
				added to sub-section (2) of Section 33 to the effect that the Electrical Inspector shall expeditously hold such enquiry in all cases of serious accidents. For the above purpose all accidents resulting in loss of human life should be treated as serious. *M. P. Electricity Board, Nagpur.*	
254	—do—		—do—	PROPOSED TEXT: The Electric Inspector or the person or Committee appointed under sub-section (2).....(rest as per CWPC's draft). *The Federation of Electricity Undertakings of India, Bombay.*	Vide remarks against serial No. 251.
255	45	34(1)	34. Prohibition of connection with earth, and power for Government to interfere in certain cases of default— (1) No person shall, in the generation, transmission, supply or use of energy, permit any part of his electric supply lines *or other works* to be connected with earth except so far as may be prescribed in this behalf or may be specially sanctioned by the State Government. (2) x x x x	Are the Board satisfied that the inclusion of the words "or other works" does not cut across normal safety regulations in regard to consumers earthing of domestic apparatus, etc. ? *Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.*	Earthing of electric supply or other works whether by the licensee or by the consumer are to be made in a manner prescribed by the Rules made under this Act or as may be specially sanctioned by the State Government. The question of cutting across the normal safety regulations in regard to earthing of domestic appliances does not arise.
256	—do—			As buildings, machineries, etc. are covered in the definition of "works" it seems better to add "forming part of an electrical system" after "works" to exclude buildings etc.	In view of the remarks against serial No. 255 this suggestion may not be accepted.
257	45	34(2)	(2) If at any time it is established to the satisfaction of the State Government—	The objective is appreciated, but it is doubtful if the manner of expression of the additional words "the supply of energy to" in line 8 will meet the desired object.	As far as can be visualised the addition of the words "the supply of energy to" would serve the desired object.

			(*a*) that any part of an electric supply line *or other works is* connected with earth contrary to the provisions of sub-sections (1) or, (b) x x x x (c) that any electric supply-lines or other works are defective so as not to be in accordance with the provisions of this Act or of any rule thereunder; The State Government may, by order in writing, specify the matter complained of and require the owner or user of such electric supply-lines or other works to remedy it in such manner as shall be specified in the order, and may also in like manner fo bid the use of, *and the supply of energy to*, any electric supply-line or works until the order is complied with or for such time as is specified in the order.		
				The Secy. to Govt. of Andhra, P.W. & Transport Deptt., Kurnool.	
258	45	34(2) (b)	That any electric supply-lines or other works for the generation, transmission, supply or use of energy are attended with danger to the public safety or to human life or injuriously affect any telegraph-line, or	It is presumed that the existing clause (b) of section 34(2) has not been deleted.	The presumption is correct.
				The Secy. to Govt. of Madras, P. W. D., Madras.	
258A	45	34(1) & (2)	Please see serial Nos. 255 & 257.	This Government agree to the proposed amendment, subject to the following suggestions:— (*i*) What is intended to be conveyed by the term "other works" may be specified.	(*i*) It would be desirable to define the term "other works". This may be done by inserting the words "for the generation, transmission, supply or use of energy" after the words "other works" in section 34(1) and 34(2) (a) & (c).

1	2	3	4	5	6
				(*ii*) In the concluding portion of the proposed revised section 34(2), for the words, "any electric supply line or works" the words, "such electric supply line or works" may be substituted. *Shri T. R Mantan, Under Secy. to the Govt. of India, Ministry of Communications, New Delhi.*	(*ii*) The existing text is in order and this suggestion may not be accepted.
			Appointment of Electrical Inspectors.—		
259	46	36(1)	(1) The Central Government may by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors and every Electrical Inspector so appointed shall in relation to mines, oilfields, railways, *post and telegraph works, broadcasting installations, defence establishments under* the control of the Ministry of Defence exercise the powers and perform the functions of an Electrical Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct. (2) * *	It is presumed that under the amended Act, the jurisdiction of the Electrical Inspector appointed by the Ministry of Defence, will be limited to the Defence Installations only and not to P. & T. and other installations. The intention may be clarified anf if it is intended that the Inspector appointed by Defence Ministry will also have jurisdiction over P. & T. lines full reasons for the change may please be indicated.	The presumption that under the provisions of the amended section 36 the jurisdiction of the Electrical Inspectors appointed by the Ministry of Defence will be limited only to the defence installations belonging to the Ministry of Defence and not to those of the P. & T. Department and the other Departments of the Central Govt. is correct. To make the intention clear, it is suggested that the section may be redrafted as under: "The Central Government may, by notification in the official Gazette, appoint duly qulified persons to be Electrical Inspectors separately for mines, oilfields, railway, post & telegraph installations, broadcasting installations defence establishments belonging to and under the control of the Ministry of Defence, and every Electrical Inspector so appointed shall exercise the powers and perform the functions of the Electrical Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct."
260	46	36(1)	Please see serial No. 259	*The Secy. to Govt. of Bihar Elec. Deptt., Ranchi.* The inclusion of the words "Post & Telegraph" works would result in taking away from the jurisdiction of State Electrical Inspector even ordinary light and power installtions in the premises of the Post & Telegraph Deptt. This is not correct and the words "Post and Telegraph works" should not be included. The words "Telephone and Telegraph installations" may be added.	Under section 37(3) of the Act, Rules made by the Central Electricity Board which authorises any Electrical Inspector or other officer of the specified rank and class to enter and inspect any place, carriage or vessel etc. and regulate fees for any test or inspection are not binding on the Government. It

261		—do—	—do—	*The Secy. to Govt. of Andhra, P.W. & Transport Deptt., Kurnool.* In view of the remarks against Item 5, inclusion of post and Telegraph Works and broadcasting installations in section 36, is not necessary.	therefore, follows that the State Electrical Inspector has no jurisdiction over the installations belong to the Central Govt. including P. & T. Department. This suggestion may not be accepted. *Vide* remarks against serial No. 20.
262	46	(36) 2	(2) The State Government may by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors within such areas as may be assigned to them respectively and every Inspector so appointed shall, except in relation to mines, oil-fields, *railways, post and telegraph works, broadcasting installations and defence establishments under the control of the Ministry of Defence* exercise the powers and perform the functions of an Electrical Inspector under this Act subject to such restrictions as the State Government may direct.	*The Secy. to the Govt. of Bihar, Elec. Deptt., Ranchi* Changes to be made in the proposed amendment as suggested under section 36(1) above.	—do— No. 260.
262A	46	36(1) & (2)	Please see serial No. 259 & 262.	*The Secy. to Govt. of Madras, P. W. D., Madras* As already indicated while commenting on section (2)(g) serial No. 18, this Govt. are of the view that energy should not be defined for purposes of the I.E. Act, to include energy used for communication purposes. The reference to Post & Telegraphs Works and broadcasting installations in the proposed revised section 36 is not therefore, acceptable to this Govt.	In view of the remarks against serial No. 21A, this suggestion may not be accepted.
263	47	36A (2)	36A. Central Electricity Board. (2) The Central Electricity Board shall consist of *** (*a*) a chairman to be nominated by the Central Government;	*The Federation of Electricity Undertakings of India Bombay.* It is a long standing request of the Industry that it should be afforded representation on the Central Electricity Board. It is for consideration that the opportunity provided by the amending of the Act might be used to provide such representation. The Industry as	In the Central Water & Power Commission (Power Wing's) original proposal, it was suggested that the representation on the Board may be given to electricity supply industry and engineering institutions. This

1	2	3	4	5	6
	47	36A 2	(*b*) one member to be nominated by the Government of each of the States specified in Parts A and B of the first Schedule to the Constitution of India; (*c*) one member holding office for a period of three years, to be nominated by the Central Government in consultation with the Governments of each of the States specified in Part C of the first schedule to the Constitution of India; (*d*) one member to be nominated by the Railway Board; and (*e*) one member to be nominated by the Chief Inspector of mines * * *	represented through the Federation is an entity which is important in the field of public supply and with the decisions of the Board, affecting the Industry in vital respects the proposal for it being granted representation merits serious consideration.	proposal was considered by the Board in its 2nd Meeting and it was decided not to give representation to the non-Govt. organisations *vide* decision on item 75 of the Statement of the draft of the various sections of by Act proper based on the decisions taken by the Board in its first Meeting. This suggession may not be accepted.
264		—do—	—do—	*M. P. Electricity Board, Nagpur.* The Central Electricity Board as at present constituted (or even after the proposed amendment) will be largely a body consisting of administrative interests. Since considerable technical knowledge is a desirable background to scrutinize the adequacy of safety, there is a need for a Central Technical Council consisting of the Electrical Inspectors of the State; a nominee of the State Electricity Boards where constituted and the State Govt. where not so constituted and or where engaged directly in the business of electricity supply & nominees from CWPC, Engineering Bodies and Universities, and the Min. of Defence. Section 36 may be suitably amended as proposed: PROPOSED TEXT: Section 36A As per CWPC's draft (with addition to include State Electricity Boards)	The Board consists of the representatives of the Central and State Governments, some of whom are Electrical Inspectors. In practice, usually non-technical members of the Board are accompanied by their advisers who are either Chief Engineers of the State Electricity Departments or Electrical Inspectors. Sometimes only the technical officers (Electrical Engineering officers) of the State Govt., although they are not members, attend the meetings of the Board. Thus the majority of the officers attending the meetings of the Board are technically qualified to participate in the deliberations. It is customary for the non-technical members of the Board to consult their Technical officers of the State whenever a proposal is made. Such officers usually consult the licensees when commenting on any new proposal made by the Central Electricity Board. Thus the interest of the industry is safeguarded even without having any representative on the Board. Further, when the Rules are prepublished as required under

					section 38(3), the licensees and other person interested get ample opportunities to express their views on the proposed amendments. It will, thus be seen that the interest of the provate sector of the electric supply industry as well as the engineering bodies are not jeopardised by the non-inclusion of their representatives on the Board. The privision for the constitution of the Central Technical Council as suggested is not therefore, necessary as this will only mean multiplication of committees and sub-committees.
264A	47	—do—	Please see serial No. 263.	*The Secy. to Govt. Punjab, P.W.D. Electricity Branch, Chandigarh.* The advisability of giving representation to the Licensees Federation on the Central Electricity Board may be considered.	Vide remarks against serial No. 264.
265	..	37(1)	37. Power for Board to make rules (1) The Central Electricity Board may make rules, for the whole or any part of the territories to which this Act extends, to regulate the generation transmission, supply and use of energy, and, generally, to carry out the purposes and objects of this Act. (2) x x x x	*M. P. Electricity Board. Nagpur.* The Central Electricity Board as at present constituted (or even after the proposed amendment) will be largely a body consisting of administrative interests. Since considerable technical knowledge is a desirable background to scrutinize the adequacy of safety, there is a need for a Central Technical Council consisting of the Electrical Inspectors of the State; a nominee of the State Electricity Boards where constituted and the State Government where not so constituted and or where engaged directly in the business of electricity supply and nominees from CWPC, Engineering Bodies and Universities, and the Min. of Defence. Section 37(1) may be suitably amended as proposed: PROPOSED TEXT: Section 37(1); The Central Electricity Board, after consultation with a Central Electricity Council constituted by the Central Government to advise the Board may make rules .....(rest as per existing section). The Central Technical Council shall consit of: (*i*) the Chairman of the Central Electricity Board as the Chairman of Council, (*ii*) Electrical Inspector or Officers administering the Act in the State Railways Ministries of Defence and mines. (*iii*) a representative each from the various State Electricity Boards where constituted and an Electrical Engineer with wide experience of the State Govern-	In view of the remarks against serial No. 263, this suggestion may not be accepted.

1	2	3	4	5	6
				ment where no State Electricity Board is constituted, and the Damodar Valley Corporation; (*iv*) a representative one each from the Central Electricity Authority, the Central Water & Power Commission, and the Central Board of Irrigation & Power; (*v*) Two representatives one from the Institution of Engineers (India), and the other from National Physical Laboratory; and (*vi*) Two representives of private electric licensees. The Council shall meet once year, and will have such constitution and powers as the Central Government may assign in this behalf. *Shri T.S. Rao, Chief Engineer, BES. & T. undertaking Bombay.*;	
266	48	37 (2) (*e*)	37. Power for Board to make rules.— * * * (2) (*e*) provide for the securing of a regular, constant and sufficientsupply of energy by licensees, *or non-licensees* to consumers and for the testing at various parts of the system of the regularity and sufficiency of such supply, and for the examination of the records of such tests by consumers.	In line 3, after "non-licensees", add "or other suppliers of energy" This is in conformity with the suggestion made in 2 (c).	This suggestion may be accepted and the words "Non-licensees or other suppliers of energy engaged in the business of supplying energy to the public" substituted for the words "or non-licensees".
267	—do—	—do—	—do—	*Office of ihe Chief Electrical Inspector, Govt. of West Bengal, Calcutta.* "Other, suppliers of energy" are not included in this clause.	—do—
268	—do—	—do—	—do—	*Under Secy. to Govt. of Orissa, Works Deptt., Bhubaneswar.* The word "non-licensee" has not been defined in this Act. It purports to mean persons engaged in the business of supplying energy with sanction of Govt. under Section 28 of the I.E. Act, 1910. It would be better to define the term in this Act.	*Vide* remarks against serial No. 8.

				M. P. Electricity Board, Nagpur.	
269	..	New under 37(2)		It is not possible to provide a continuous supply at all situations and places. In remote rural situations, a greater outage is permissible, also a 24 hours supply may not be economical or required. Hence considerable discretion is necessary if a rapid widespread electrical development is to be assured. Necessary discretion should be available to the State Government and the Electricity Boards for the purpose. PROPOSED TEXT: Amend existing section to read: Provide, without prejudice, powers to State Government to approve and to delegate the same to the State Electricity Boards where constituted, shorter hours of supply or to condone outages where situation so warrant, for the securing of a regular, constant and sufficient supply.....(rest as per CWPC's draft).	(1) Under section 3 the State Govt. has the powers to specify the number of hours of supply in the license or in the sanction. (2) It has also now been proposed, *vide* remarks against serial No. 183, to empower the State Govt. to impose restrictions on the supply and use of energy whenever necessary in the interest of community. This suggestion may not be accepted.
				The Secy. to Govt. of U.P., Power (B) Deptt., Lucknow	
270	49	37 (3)	(3) Any rules made in pursuance of* clauses (*e*), (*f*), (*g*).,* *(*h*), (*i*) and (*j*) of sub-section (2) shall be binding on the *Government. * * * *	The State Govt. consider that it is not necessary to make the provisions of clauses (*e*), (*g*), (*i*) & (*j*) of sub-section (2) of section 37 binding on the State Govt. as no such difficulty has been felt in this State. They have, however, no objection to a new sub-section being added to provide that the State Govt. may issue standing orders or frame their own rules in respect of matters covered by clauses (*e*), (*g*), (*i*) & (*j*) of sub-section (2) if they consider this to be necessary for the guidance of those employed in the electric supply industry sponsored by the State Govt.	In the interest of uniformity of practice throughout the country, it is necessary to retain the provision as proposed. This suggestion may not be accepted.
				The Secy. to Govt. of Mysore, Elec. Deptt., Bangalore	
271	—do—	—do—	—do—	The amendment to Section 37(3) to the effect that any Rules made in pursuance of clauses (*e*), (*f*), (*g*), (*h*), (*i*) and (j) of Sub-section (2) should be binding on the State Government is liable to lead to serious anomalies as penalties by way of fine etc. could be imposed under certain Sections of the Act and it could obviously not be the intention in proposing the amendment to the Act to make the State Govt. subject to such penalties. It should, therefore, be deleted.	*Vide* remarks against serial No. 270.

1	2	3	4	5	6
				The Secy. to Govt. of Andhra, P.W. & Transport Deptt., Kurnool.	
272	49	37 (3)	Pleas see serial No. 270.	Against Item 5, it has been suggested that it is not necessary to amend the definition of "licensee" in section 2(*h*) so as to include "State Government" also. If that amendment is, however, retained, section (37) itself will become unnecessary as section 37 will then apply equally to licensees and State Government.	Vide remarks against Serial No. 270
				The Secy. to Govt. of Mysore, Electrical Deptt., Bangalore.	
273	..	37 General		Electricity being a concurrent subject, the State Govt. has a right to make provisions and regulations under the Acts in question. The provision such as the one now proposed would render the Central Electricity Board capable of over-riding the rules and regulations made by the State Government which are within its own jurisdiction. Such a position would be wholly untenable.	In the interest of uniformity of practice, it is necessary to entrust the work of framing Rules to a Central body which represents the interest of all the States of the Union. No doubt, the subject of electricity is on the list III of the Seventh Schedule to the Constitution of India and as such under Article 246 the State Governments have the powers to legislate. But they cannot make provisions in their legislation which are repugnant to the Central legislation on the subject without the consent of the President, *vide* Article No. 254(2). This suggestion may not be accepted.
			Penalty for illegal or defective supply or for non-compliance with order.—Whoever—	*The Secy. to Govt. of U. P., Power (B) Deptt., Lucknow.*	
274	42 as	42(1)	(*a*) being a licensee, save as permitted under section 27 or section 51 or by his license, supplies energy or lays down or places any electric supply-line or works outside the area of supply; or, (*b*) being a licensee, in contravention of the provisions of this Act or of the rules thereunder or in breach of the conditions of his license and without reasonable excuse, the burden of proving which shall lie on him, discontinues the	There is one more important point to which I am to invite your attention. The State Govt. have of late been confronted with licensees threatening to close down their power house on some pretext or other and trying to take undue advantage of the situation that would arise by the stoppage of supplies. Even payments for the supply of coal have, in certain cases, been withheld with the result that the suppliers of coal were compelled to suspend the supply. In such circumstances, the Govt. of India and other authorities concerned had to be approached by the State Govt. to rush supplies in order to save the waterworks and other public utility concerns from closing down and thus causing serious public inconvenience. So far as coal supplies are concerned, there is no provision in the I. E. Act, 1910, under which the aforesaid situa-	Under section 42 (b), if a licensee commits a breach of the conditions of his licence and without reasonable excuse discontinues the supply of energy or fails to supply energy, he renders himself liable to a fine which may extend to Rs. 1000/- and in case of continuous offence or default, the fine may extend to Rs. 100/-per day. The above provision is therefore, adequate to punish the licensee for his failure to maintain continuous supply, This suggestion may not be accepted.

			supply of energy or fails to supply energy; or (*c*) makes default in complying with any order issued to him under section 34, sub-section (2); shall be punishable with fine which may extend to one thousand rupees, and, in the case of a continuing offence or default, with a daily fine which may extend to one hundred rupees.	tion can be met. The difficulties referred to above can perhaps, be met if section 42 and 47 are so amended as to provide that any order passed by the State Govt. in writing for the maintenance of continuous and efficient supply of energy by the licensee shall be complied with by him and failure to do so shall be punishable. I am further to add that the existing penalties in sections 42 and 47 are also very inadequate to meet other cases which are coming to light in this State. The State Govt. would, therefore, suggest that the penalties under both these sections may be raised to the maximum limit of six months imprisonment and a fine of of Rs. 1,000/- . *The Federation of Electricity Undertakings of India, Bombay.*	
			42. Penalty for illegal or defective supply or for non-compliance with order—		
			* * * * *		
275	50	New 42 (2)	(2) *Whoever disobeys or neglects to comply with any requirement of an order made under clause (a) or impedes the exercise of any power conferred by clause (b) of sub-section (1) of section 4B shall be punishable with imprisonment which may extend to six months or with fine or with both.*	The Federation has already pointed out that the proposed Section 4B is void in view of the Supreme Court judgment in the Sholapur Mills Case, and the penalty based on that Section is equally void and untenable.	Since the proposed new section 4B is not proposed to be incorporated as suggested, *vide* serial No. 87, this section may be deleted.
276	—do—	—do—	—do—	*The Secy. to Govt. P.W.D., Hyderabad (Deccan).* The words " which may extend to.....Rupees" may be inserted after the words " or with fine ", so as to fix the maximum figure of the fine to be imposed and not to leave it to the discretion of the fine-imposing authority.	—do—

1	2	3	4	5	6
				The maximum fine may be specifid as one thousand rupees on the analogy of the fine proposed in Section 42 of the I. E. Act, 1910.	
277	50	New 42 (2)	Do.	*The Bengal Chamber of Commerce & Industry, Calcutta* This provision is not necessary ; even in the case of fraud [*vide* Section 44 (*c*)] the penalty is limited to a fine.	*Vide* remarks against serial No. 275.
278	Do.	Do.	Do.	*The Secy. to Govt. of Andhra, P. W. & Transport Deptt., Kurnool.* The extent of fine may perhaps be specified.	—do—
278A	Do.	Do.	Do.	*The Secy. to Govt. of Madras, P.W.D. Madras.* The inclusion of provision to indicate the limit to which the fine may extend, would appear necessary.	—do—
278B	Do.	Do.	Do.	*The Secy. to Govt. Punjab P.W.D. Electricity Branch, Chandigarh.* It is desirable to fix the limit of five in the proposed amendment.	—do—
279	50	New 42A	Please see serial No. 275	*M P. Electricity Board, Nagpur.* New section has to be introduced providing penalty for failure to carry out an order under section 21(Revised). PROPOSED TEXT. Whoever fails to carry out an order under section 21 or to observe any reduction or restriction of supply thereof, shall, in addition to disconnection of supply to him, be punishable with a fine which may extend to one thousand rupees, the supply, however, shall be resumed within seven days after a person defaulting pays the fine and gives sufficient security against repetition of the default.	*Vide* remarks against serial No. 183. It has been suggested that the State Government should be authorized to impose restrictions on the supply and use of energy in emergencies. Failure to comply with the directions of the State Govt. in respect of the restrictions on the supply and use of energy by licensees and other persons will be punishable under section 47 of the Act. This suggestion may not be accepted.
280	52	New 46A	46A. Penalty for failure to keep accounts for the purposes of this Act, the Rules thereunder and the Electricity (Supply) Act, 1948. Whoever, being licensee fails to comply with the provisions	*The Federation of Electricity Undertakings of India, Bombay.* The Electricity (Supply) Act, 1948, contains its own complete scheme in regard to financial methods of Electric Supply Undertakings, and also as to information and accounts. It also provides its own penalties. See specially Sections 75(3) and 77. There is therefore, no reason to introduce a reference thereto in the Indian Electricity Act, 1910. Further the bringing of the Electricity (Supply) Act into the ambit	Under the proviso to sub-rule (3) of Rule 36 of the Indian Electricity Rules, 1937, the State Government is empowered to direct a licensee to make up his accounts in any form it desires. The State Govt. could, therefore, require a licensee to make up the account in a form suitable for enabling it to determine whether the licensee has complied

			of this Act or the Rules made thereunder or the Electricity (Supply) Act, 1948 in respect of keeping of the accounts of his undertaking, shall be punishable with a fine which may extend to one thousand rupees and in the case of a continuing offence or default with a daily fine which may extend to one hundred rupees.	of the Section is conflicting and therefore void in the context of Section 70 of the Electricity (Supply) Act, 1948.	with the provisions of the Sixth Schedule to the Electricity (Supply) Act, 1948. Failure on the part of the licensee to comply with the above directions of the State Govt. would render him liable for punishment under rule 124 of the Indian Electricity Rules, 1937. It is not therefore, considered necessary to incorporate the new section 46A.
				The words " or the Electricity (Supply) Act, 1948 " should, therefore, be deleted. The words " keeping of " accounts should, to be accurate, be substituted by the words " the submission of".	
281	52	New 46A	Do.	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.* *Line* 1 (*i*) It is suggested that any non-licensee engaged in the business of supplying energy, should also be brought under the provisions of the E. (S) Act, 1948 and the I. E. Act and Rules. (*ii*) after the word " licensee", and "non-licensee engaged in the business of supplying energy ".	—do—
282	Do.	Do.	Do.	*The Bengal Chamber of Commerce and Industry, Calcutta* The new provision would cover delays in submitting accounts and/or statistics which are sometimes inevitable due to the time taken by Govt. Departments, to answer enquiries. The complicated form of the present statutory accounts frequently necessitates consultation with State Governments with consequent delays.	—do—
283	Do.	Do.	Do.	*The Secy. to the Govt. of West Bengal, Commerce and Industries Deptt., Mines and Power Branch.* Section 47 of the I. E. Act, lays down the penalty for non-compliance with the provision of Section 11. This Govt. is therefore, not in favour of providing another penal clause in the I. E. Act, in respect of non-compliance with the provisions of a different Act, *viz.*, the E. (S) Act, 1948, specially when section 77 of the E. (S). Act, specifically provides for a penal procedure.	—do—

1	2	3	4	5	6
				Office of the Chief Electric Inspector, Govt. of West Bengal, Clacutta.	
284	52	New 46A	Please see serial No. 280	Section 47 of the I.E. Act lays down penalty for non-compliance with the provisions of section 11. Penalty for non-compliance with any of the provisions of the E. (S) Act, 1948 should be laid down in that Act. It is not seen how one enactment can impose penalty in regard to another separate enactment.	—do—
				The Sec. to Govt. of Travancore-Cochin, P.W. & Communications Deptt., (Elec. Section), Trivandrum.	
285	Do.	Do.	Do.	As already mentioned in the comments in respect of serial No. 6 Section 2(h) the State Govt. should be exempted from the provision of this new provision also.	*Vide* remarks against serial No. 280.
				The Secy. to Govt. of Andhra, P.W. & Transport Deptt., Kurnool.	
286	..	—do—	—do—	At present there is no provision under which a licensee should rectify the defects pointed out by the Govt. in the review on the accounts of the licensee and also publish the review for the benefit of the share holders and consumers. Such a provision may perhaps be made under Rule 36 of the I.E. Rules, 1937. The new Section 46A may provide for penalty for failure to take action as mentioned above on the part of the licensee.	Non-compliance with the orders of the State Govt. in respect of defects pointed out by it in regard to the provisions of the Sixth Schedule to the Electricity (Supply) Act will form the subject matter of differences and disputes between the licensee and the State Govt. which is referable to the Central Electricity Authority for arbitration. This suggestion may not be accepted.
				The Secy. to Govt. of Madras. P.W.D. Madras	
286 A	..	—do—	—do—	This Government consider that it is necessary that not only should the licensee keep his accounts in accordance with the I.E. Act and the Rules thereunder, but also that it should be incumbent on him to rectify the defects pointed out by the State Govt. in he review of his statutory accounts and that where he differs from the State Govt., he should refer the matter to arbitration to the Central Govt. Necessary provision to this effect may be included in the proposed new section.	—do—

				The Secy. to Govt. Punjab, P.W.D., Electricity Branch, Chandigarh.	
286B	..	—do—	—do—	After the word "keeping" in line 3, the words "and submission" may be added. The New Section is considered necessary as Section 10 of the Supply Act has not come into force till now.	*Vide* remarks againt serial No. 280.
				The Secy. to Govt. of U.P., Power (B) Deptt., Lucknow.	
287	..	47	47. Penalty for offences not otherwise provided for.— Whoever, in any case not already provided for by sections 39 to 46 (both inclusive), makes default in complying with any of the provisions of this Act, or with any order issued under it, or, in the case of a licensee, with any of the conditions of his license, shall be punishable with fine which may extend to one hundred rupees, and, in the case of a co tinuing default, with a daily fine which may extend to twenty rupees.	I am further to add that the existing penalties in sections 42 and 47 are also very inadequate to meet other cases which are coming to light in this State. The State Govt. would, therefore, suggest that the penalties under both these sections may be raised to maximum limit of six months' imprisonment and a fine of Rs. 1,000/-.	The question of raising of the limits of fines was discussed in the First Meeting of the Board and it was decided not to enhance them *vide* decision on the remarks against serial No. 189 of the Statement of the remarks of the Member-Secretary on the informal comments of the Members of the Central Elctricity Board on the proposed amendments to the Act. This suggestion may not be accepted.
				Shri T.S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.	
288	53	51	51. Exercise in certain cases of powers of telegraph authority. Notwithstanding anything in sections 12 to 16 (both inclusive) and sections 18 and 19 the State Government may, by order in writing, for the placing of appliances and apparatus for the transmission of energy, *or for the telephonic or telegraphic communications necessary for the proper coordination of the works of a licensee* confer upon any public officer or licensee subject to such conditions and	*Line* 5: Substitute "transmission" by "supply." *Line* 15: Before "telegraph line" add "electric supply or." This is intended to give powers to electric supply companies to place transmission, distribution and service lines and apparatus on private property when permision for the placing of such lines is refused by the owner. In this connection, reference is invited to letter No. I.E.A. 1152k dated 31/8/53 from the Public Works Deptt., Bombay Govt. to licensees, copy reproduced below:— "To All licensees in Bombay State. *Sub*: Giving of electric connections to the ~~agricul~~tural tenants without the consent of the landlords.	The Board has decided not to amend section 12(2) to empower a licensee to place his electric supply lines and works under, over along or across any land not dedicated to public use without the consent of the owner as it would amount to denying his rights under the common law. Under the Indian Telegraph Act, 1885, however, the Telegraph Authority has powers for placing telegraph lines and posts on any immovable property without the consent of the owners. The owners are, however, entitled to full compensation for such exercise of powers by the Telegraph Authority.

1	2	3	4	5	6
288—*contd.*	53—*contd.*	51—*contd.*	restrictions (if any) as the Government may think fit to impose and to the provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any of the powers which the telegraph authority possesses under that Act with respect to the placing of telegraph lines and posts for the purposes of telegraph established or maintained by the Government or to be so established or maintained.	Sirs, It was brought to the notice of Govt. that difficulties and delays arise on account of the statutory requirements of landlord's consent under section 12(2) of the I. E. Act, 1910, for giving electric connections to the tenants of agricultural land for their irrigation and pumping purposes. This Govt., therefore, approached the Govt. of India, which has since intimated that a proposal to amend section 12(2) of the I.E. Act, 1910, to meet the object in view is already under its consideration and that till the Act is suitably amended, the difficulties can be overcome by this Govt. conferring upon the licensees the power of the Telegraph Authority under section 15 of the Act. In case you experience such difficulties, you may apply to Govt. for necessary power and the question will be considered on the merits of each such case. S. G. JADHAV, *for* Asstt. Secy. to Bombay Govt. P. W. D.	The powers of the Telegraph Authority given to the electric supply undertaking under section 51 of the Act only enables the undertaking to place appliances or apparatus for the transmission of energy and not for the supply of energy and for such placing of appliance and apparatus, the licensee is required to compensate the owner fully. This does not, however, empower the licensee to give supply in a premises at the request of an occupier without the consent of the owner. Therefore, the substitution of the words " supply " for " transmission " would amount to contravention of the provision of section 12 (2). This suggeston may not be accepted.
289	...	51	Please see serial No. 288.	*The Secy. to the Govt. of West Bengal, Commerce Industries Deptt., Mines & Power Branch.* It is suggested that this section should be redrafted in the light of the comments offered below:— The Govt., on receipt of the application of a licensee is empowered to grant a compulsory way leave, subject to certain terms and conditions ; but those are not financial terms. In case of dispute as to the monetary terms, there must be recourse to arbitration or other suitable procedure, as the law provides ; but the work of placing and maintaining any electric line, need not be delayed for this. Given the consent of the State Govt. the work may be allowed to proceed. These rights are so very valuable for a licensee that we would suggest incorporation of the provisions of the	As regards the advice of the Govt. of India referred to in the letter of the Govt. of Bombay, the advice was given in the connection with the laying of electric supply lines across some owners lands for supply of energy to a consumer in other owner's land. As it has been decided that the State Govt. when engaging in the business of supplying energy to the public should also be treated as a licensee like the State Electricity Board, it is necessary to amend the section slightly by substituting the words, "works of a licensee, non-licensee or other supplier of energy engaged in the business of supplying energy to the public" for the words "works of a licensee confer upon any public officer or licensee "

Indian Telegraph Act, referred to herein in the Text of this amendment and the section amended in line with section 22 of the British Act of 1919. A way leave may be obtained by agreement over any land. But compulsory process should not be available for overhead lines where the land is used as a "play or pleasure ground." This position, we suggest, should be made clear in the Amending Section. In case of any dispute whether it is play or pleasure ground, the matter should be referred to the Govt. whose decision should be treated as final.

The concurrence of both the owner and occupier should not be demanded as the owner of the land may consult his tenant, while according permission [*vide* section 12(2).]

Section 12(2) of the I. E. Act, 1910, stated that "nothing in sub-section 1 shall be deemed to authorise or empower a licensee without the consent of the local authority or the owner *and* occupier concerned..... to lay down.....electric supply lines.....etc.

As a result of the above, all licensees incorporate a clause on the following lines in their Conditions of Supply to regulate the relation of the licensee with persons who are or intending to become consumers:—

"Where the consumer is not the owner of the building for which or any part of which a service connection is applied for and/or of the land on which the building is situate, the concurrence and permission in writing of the owner or owners of the building and of the land on, under or over, which the supply line is to be laid or placed, for the laying of the supply line and the erection of the necessary apparatus for the service connection on or within the land and/or building, *must* be obtained by the consumer."

In the event of any difference between a tenant and his landlord, the latter may withhold his permission when the former applied for a supply. The cases arising out of this difference fall under two broad divisions:

(a) Where the applicant for supply is the owner of the building for which he required supply and the landlord on whose land building is erected refused permission. In this case, section 51 of the I. E.

1	2	3	4	5	6
289—*contd.*	..	51—*contd.*	Please see serials No. 288—*contd.*	Act may be invoked to enable the licensee to lay a cable or erect pole, etc. on the land in spite of the owner's objection. (b) Where the applicant for supply is merely the tenant of a building or premises belonging to his landlord who refuses. In this case nothing can be done without the landlord's consent, unless the tenant is able to get some order under either section 42 of the West Bengal Premises Rent Control Act, 1950 or section 66 of the Non-agricultural Tenancy Act. There is no doubt that hardship often arises when the landlord's consent is unreasonably withheld, but it seems to us quite wrong that the I. E. Act should, thus, have to be circumvented as it were by an order issuing under a Rent Control Act, nor is it at all certain that the order gives the licensee adequate protection against subsequent actions by the landlord. The Electricity Act, 1910 should, therefore be amended to the effect that the landlord's consent can be dispensed with when some competent authority set up under the Act itself has deemed it to have been unreasonably withheld A reference to Clause VI of the Schedule to the Act would show that if a requisition is made by the owner or occupier of any premises within the area of supply requiring a licensee to supply energy for such premises, the licensee is obliged to supply if all the provisions of Clause VI have been fulfilled. But the owner and occupier, unless they are the same persons, as the intending consumers have the right to prevent tresspass over the land he is possessed of. Sub-section 2 of section 12 is a negative provision which states that *nothing in sub-section 1 can be deemed to authorise a licensee to commit tresspass.* The meaning of the words "without the consent of the owner AND occupier concerned" seems to mean according to the ordinary connotation consent of both owner and occupier, and it is not known if sub-section 2 could be construed to mean that the consent of the occupier would be sufficient where there is no actual disturbance of the reversionary right of the landlord.	

				The effect of section 66 of the Non-agricultural Tenancy Act is this, that the taking of supply is an "improvement" and as such, in General Law, it cannot be a wrong against the owner's revisionary interest. If the licensee, at the instance of the occupier, has given a supply it may be argued that the landlord cannot bring an action against the licensee for any improvement made by the licensee. The condition given in section 12(2) can be interpreted in two ways: (i) The fulfilling of the requirements as to concurrence of the landlord is a condition precedent to licensee's giving supply. If this is accepted then the licensees have no right to give supply. (ii) Over and above the requirements of Clause VI of the Schedule to the Act, the tenant has a further duty of furnishing the written concurrence of he landlord. If he has not fulfilled this, the licenseetmay invoke their right to refuse supply. It is suggested that the law in this regard may be made clear and beyond all doubts free from ambiguity.	The State Govt. is empowered to confer powers on the Telegraph authority to the electric supply undertaking subject to such conditions and restrictions as it may think fit to impose. Therefore, the State Govt. while conferring such powers of the Telegraph authortity could restrict the licensee, non-licensee, or other suppliers of energy not to place overhead lines on lands used as play or pleasure ground. The question of ammendment of the section to provide for such stipulation and arbitration as to whether the land is or is not a " play or pleasure ground " does not arise. As regards the amendment to section 12 (2) to empower the licensee to give supply to an occupier withot the consent of the owner the question was discussed at considerable length at the first meeting of the Board and it was decided not to amend the section.
290	..	51	Please see serial No. 288	*Under Secy. to the Govt. of ndia, Ministry of Communications, New Delhi.* At present any telegraph or telephone lines required by the Electricity authorities are either provided by the P.&.T. or in the alternative a licence is granted to the Electricity authorities to eect their own lines. Under this item the State Govt. is proposed to be authorised to allow the placing of telegraph and tlepone lines by the Electricity authorities on private property. This may interfere with the right of the P. & T. to grant a licence and may also, in some measure interfere with the P. & T. lines. This Minstry would like to have full reasons which have led to tihis alteration being proposed.	The provision for conferring upon the licensee, non-licensee etc. the rights of the Telegraph authority refers to the powers for placing of lines and posts and not for the purpose of working of telephone or telegraph lines This provision will not, therefore, interfere with the rights of the P. & T. Department to grant licences to persons to work telegraph or Telephone Systems. This provision is on the analogy of the provision made under section 42 of the Electricity (Supply) Act, 1948. This suggestion may not be accepted.

1	2	3	4	5	6
				The Secy. to Govt. of Madras, P.W.D., Madras.	
290A	..	51	Please see serial No. 288	This Govt. consider that the reference to telephonic or telegraphic communications in the proposed amendment is unnecessary and suggest that the section may be left as it is.	Some of the electric supply authorities maintain their own telegraph and telephone systems for the efficient co-ordination of their works and for this purpose they are required to lay down telegraph and telephone lines on separate poles. It is, therefore, necessary for them to have the powers of the Telegraph authority to place such posts and other appliances for the working of telegraph and telephone systems. This suggestion may not be accepted.
			52. Arbitration.	*The Federation of Electricity Undertakings of India, Bombay.*	
291	54		52 Where any matter is by or under this Act directed to be determined by arbitration, the matter shall unless it is otherwise expressly provided in the license of a licensee, be determined by such person or persons as the State Government may nominate in that behalf on the application of either party; but in all other respects the arbitration shall be subject to the provisons of the Arbitration Act, 1940 (X of 1940). *Provided that, where the Central or the State Government or a State Electricity Board is a party to a dispute, it shall be referred to two arbitrators, one to be appointed by each party to the dispute.*	There is no provision in the Proviso for an umpire. The Board's attention is drawn to Section 76 of the E. (S). Act, 1948, and the provisions of the Provio should be brought into line with that Section.	All arbitrations are subject to the provisions of the Arbitration Act, 1940. Where an even number of arbitrators are appointed, the arbitrators are required to appoint an umpire not later than one month from the latest date of their respective appointment, *vide* paragraph 2 of the First Schedule to the Arbitration Act, 1940. This suggestion may not be accepted.
				The Secy. to Govt. of Madras, P.W.D., Madras.	
291A	Do.	Do.	Do.	This Govt. would suggest that the draft proviso may be amplified to provide for the nomination of a third	*Vide* remarks against serial No. 291.

				arbitrator to be selected by the two arbitrators appointed by each party to the dispute and that the third arbitrator so selected should be the Chairman. This suggestion is based on the analogy of similar provisions included in the bulk supply agreements entered into by this Government with the Mysore and Travancore-Cochine Governments. *The Secy. to the Govt. of W. Bengal, C. &. I Deptt., Mines & Power Branch.*	
292	55	54	54. Recovery of sums recoverable under certain provisions of the Act.— Every sum declared to be recoverable by section 5, clause (f), section 6, sub-section (2), section 14, sub-section (2), clause (h), section 16, sub-section (2) , section 18, sub-section (2) or sub-section (4), or section 26, sub-section (4), and every fee leviable under this Act, may be recovered, on application to a Magistrate having jurisdiction where the person liable to pay the same is for the time being resident, by the distress and the sale of any moveable property belonging to such person *and the Magistrate shall intimate the facts of the recoveries to the authorities concerned.*	The amendment is agreed to, but it is also felt that the words "*as if it were a criminal fine*" should be inserted in the seventh line of the amendment in between the words " recovered" and "on" occurring in that line. *The Secy. to Govt. of Madras, P.W.D., Madras.*	*Vide* remarks against serial No. 61 of the statement of the proposed amendment to the Act, it was proposed to amend the section to provide for the recovery of all fees declared to be recoverable by or under this Act as provided for in the 1938 Bill as arrears of land revenue. As, however, some of the fees or sums declared to be recoverable were related to the licensees' dues under the Act, it was, however, considered advisable to retain the existing provision with the modification that the Magistrate should intimate the facts to the Authorities concerned to apprise the Authorities of the position in respect of recovery, *vide* decision on serial No. 196 of the Statement of the remarks of tne Member/Secretary of the Advisory Board on the informal comments of the Members of the Central Electricity Board on the proposed amendments to the Act.
292A	Do.	Do.	Do.	In the draft bill to amend the I.E. Act circulated by the Govt. of India in 1938, it was proposed to delete the reference to particular sections in the existing section 54 and to substitute the words "under this Act" after the words " recoverable by" occurring in that section. In their explanatory memorandum accompanying the draft Bill, the Government of India pointed out that the list of sections mentioned in section 54 which declare the fees to be recover-	This suggestion may not be accepted. —Do—

1	2	3	4	5	6
..				able, omitted, the third proviso to sub-clasue (1) of Clause VI of the Schedule to the I.E. Act and that the proposed amendment would also make it possible to use the procedure laid down in that section in respect also of sums declared to be recoverable under the rules. As the above reasons will hold good even now, this Govt. suggest that the amendment as proposed by the Govt. of India to section 54 of the Act in the draft amending Bill of 1938 may be adopted. This Govt. would further suggest that specific provision may be made in the proposed amendment to indicate that the Magistrate referred to therein will be Judical Magistrate.	
				The Federation of Electricity undertakings of India, Bombay.	
293	56	New 56 (2)	56. Protection for acts done in good faith. (2) *No order made or action taken under the provisions of sub-section*(1) *of Section 4 B. shall be called in question by any Court, and no suit, prosecution or other proceeding shall be instituted against the State Government or any person for anything done in good faith or purporting to be done under the said sub-section.*	The Federation has already commented upon the legality of the proposed Section 4B, and the Board's attention is further referred to the decision of the Consitution Bench of the Supreme Court in the appeal arising out of the Madras Electricity Supply Undertakings (Acquisition) Act in regard to the legality of attempting to oust the jurisdiction of the Court.	This objection will not arise in view of the proposal to delete the proposed new section 4B—*vide* remarks against serial No. 87.
				Shri T. S. Rao, Chief Engineer, BES & T undertaking, Bombay.	
294		—Do—	—Do.—	Line 6 : After "any person", add "authorised by State Government". This provision is considered necessary as the term "any person" as used under section 4(B) applies to the licensee or any person controlling the supply whose powers are proposed to be taken over by Government.	Do.

				It is suggested that the provisions incorporated in the Schedule should also be deemed to be incorporated with every sanction granted under section 28 under Part III to non-licensees or other suppliers so far as not added to, varied or excepted under the terms and conditions of the sanction. *The Bengal Chamber of Commerce & Industry, Calcutta.*	
295	Do.		Do.	This proposal is unacceptable as it appears to be unconstitutional. It is absolutely essential that licensees should be protected against abuses of power by State Governments. and have recourse to justice in the Courts. *The Secy. to the Govt. of West Bengal, C. & I. Dept., Mines and Power Branch.*	Do.
296	Do.		Do.	The State Govt. agrees to the ptroposed amendment but merely suggest that it will be difficult to justify the stand that it is not a justiciable issue in the event of this section being chalienged as being "*ultra-vires*". *Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.*	Do.
297	Do.		Do.	The provision is very drastic , and it is doubtful if such provision is tenable in law. *The Secy. to Govt. Punjab, P.W.D., Electricity Branch, Chandigarh.*	Do.
297A	Do.		Do.	It is proposed that after " any person" appearing in line 4, the words " authorized by the State Government" may be added. *The Federation of Electricity Undertakings of India, Bombay.*	Do.
298	—	58. Repeals and savings.— 58 (1) The Indian Electricity Act, 1903 (III of 1903), is hereby repealed : Provided that every application for a licence made and every license granted under the		Section 58 of the existing I.E. Act, 1910, should be suitably modified to provide that nothing in any amendment to the Act shall affect any license granted or agreement made before the enforcement of the amendment. This is in accordance with the generally accepted and wholesome principle that an enactment should not have retrospective effect.	It is proposed to enforce the amendments with retrospective effect except in the case of purchase of undertakings either on revocation or on expiry of the period (either initial or subsequent period) of the licences. A specific provision will be made at the appropriate place. This suggetion may not be accepted.
	..				

1	2	3	4	5	6
			said Act shall be deemed to have been made and granted under this Act. (2) Nothing in this Act shall be deemed to affect the terms of any license which was granted, or of any agreement which was made, by or with the sanction of the Government for the supply or use of electricity before the commencement of this Act.		
				The Secy. to Govt. of Punjab, P.W.D., Electricity Branch, Chandigarh.	
298A			58(1) Do.	This needs to be suitably amended in a manner that the amended Act is not given retrospective effect.	This suggetion may not be accepted.
				The Fed. of E.U. of India, Bombay & Bengal Chamber of Commerce & Industry, Calcutta.	
			I. Security for execution of works of licensee not being local authority. * * * *		
299	57	Clause I (c)	(c) The said sum deposited or secured by the licensee under the provisions of this clause shall be repaid or released to him on the completion of the works or at such earlier date or dates and by such instalments, as may be approved by the State Government. *Provided that, if the works in the compulsory area are not completed or if the supply of energy is not commenced by a licensee by the due date, the State Government may forfeit the whole or part of the amount so deposited.*	The Proviso proposed is unacceptable. The licensee will naturally endeavour to complete the compulsory works in the shortest possible time in order to be able to get revenue and recover his deposit. The proposal could lead to Departmental abuses against which the licensee would be inadequately protected.	The provision is a deterrent and enabling one This suggestion may not be accepted.

				The Secy. to the Govt. of West Bengal, C & I. Deptt. Mines & Power Branch.	
300	Do.	Do	Do.	The amendment is agreed to but the words "works in the compulsory area" in the proviso to the section should be substituted by the words "compulsory works under the licensee".	This suggestion may be accepted.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
301	Do.	Do.	Do.	The words "if the compulsory works" appear to be more appropriate than the words "if the works in the compulsory area".	Do.
				The Secy. to Govt. Punjab, P.W.D. Electricity Branch, Chandigarh.	
301A	Do.	Do.	Do.	The amendment is agreed to provided the words "works in the compulsory area" are substituted by the words "compulsory works of the Licensee".	Do.
				Shri T. S. Rao, Chief Engineer, BES&T under-taking Bombay.	
302	58	Clause II(b)	II. Audit of accounts of licensee not being local authority. * * * * (b) The licensee shall afford to the auditor, his clerks and assistances, access to all such books and documents *including technical data and statements of energy generated and sold* relating to the undertaking as are necessary for the purposes of the audit, and shall when required, furnish to him and them all vouchers and information requisite for that purpose and afford to him and them all facilities for the proper execution of his or their duty.	In line 1, after "Licensee", add: "not being a local authority or non-licensee engaged in the business of supplying energy."	The heading of this clause and the preamble there to clearly indicate that its provisions will not apply in the case of the local authority licensee and the non-licensee. This suggestion may not be accepted.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
303	Do.	Do.	Do.	"Technical data" and "statement of energy generated and sold" appear to have no relevance in audit work, and it is not seen if, as stated, an auditor is	It is necessary for the auditors to have access to the books containing technical data to enable them to vouch the correctness of

1	2	3	4	5	6
				really authorised to check up technical data an statement of energy generated and sold at present under the I.E. Act. The grounds for this inference are not clear . If such a power is considered necessary this should first be provided in section II of the Act.	the technical data furnished by licensee with the Statutory Statement of Accounts. This will enable Government to determine whether the expenditure incurred in respect of generation, transmission, distribution etc., of energy management. etc., is commensurate with the expenditure incurred.
				Shri T. S. Rao, Chief Engineer, BES T. & undertaking Bombay,	It is not necessary to line up section 11 with the provisions of this clause.
304	Do.	Do.	Do.	At the end of heading of this Clause, add : " or non-licensee engaged in the business of supplying energys. This is suggested to bring in line with the suggestions made in section 46(A).	This suggestion, may not be accepted. *Vide* remarks against serial No. 302.
				The Secy. to Government of Madras, P.W.D., Madras.	It is proposed to delete section 46A— *vide* remarks against serial No. 280.
304A	58	Cl. II (*b*)	Please see serial No. 302	The proposed amendment is agreed to, subject to the suggestion that provision should be made in this clause itself empowering the Electrical Inspector also to check the technical data and the books of the licensee in connection with expenses generally.	It is considered adequate for the purpose to empower only the auditor to examine the books of the licensee. The Inspector will have ample opportunity to comment on the accounts after they have been rendered and submitted to the State Government. This is already being done and no difficulty has been experienced without such powers of check and inspection of the books of the licensee by the Inspector. This suggestion may not be accepted.
304B	59	Cl. III	III. Separate accounts.—The licensee shall, unless the State Government otherwise directs, at all times keep the accounts of *** *his electricity supply* under-taking distinct from the accounts kept by him of any other under-taking or business.	*The Secretary to Government of Madras, P.W.D., Madras.* The remarks against new section 46A—Sl. No. 286A apply to this proposal also.	*Vide* remarks against serial No. 286A.
				Shri T. S. Rao, Chief Engineer, BES. & T, undertaking Bombay.	
305	—	IV	Execution of work after commencement of license:— The licensee shall, within a period of three years after the	It is considered desirable that the compulsory extension of mains should be revised every 5 years in order to	Under the revised draft of clause V of the Schedule, a licensee is required to provide

			commencement of the license, execute to the satisfaction of the State Government all such works as may be specified in the license in this behalf or, if not so specified, as the State Government may, by order in writing issued within six months of the date of the commencement of the license, direct.	ensure that suitable and sufficient distributing mains are laid down by the licensees to permit health development of the area of supply. Clause IV should be numbered as Clause IV (1) and another sub-clause (2) added as follows:— "At intervals of every 5 years from date of commencement of supply, the State Government may, by an order in writing, direct the licensee, to lay down such further distributing mains through such streets or part of streets and the licensee shall comply with same within 2 years of the issue of the order. The provisions of Clause I of the Schedule shall apply to every such order.	distributing mains on a street or a part of a street within the area of supply under his license when a requisition is made by 2 or more persons for supply to their premises. The question of Government being empowered to direct the licensee to extend his compulsory area of supply does not arise. If the licensee is required under the directions of the State Government to lay down mains even in financially unjustifiable areas it would mean a burden on the consumers of the remunerative areas as under the Electricity (Supply) Act, 1948 the licensee is entitled to adjust his rates to earn reasonable return. This suggestion may not be accepted.
		V	Provisions as to laying down of further distributing mains—	*Dy. Secretary to the Government of Bombay, P.W.D., Bombay*—1.	
306	60	Clause V (1) (*a*)	(1) Where, after the expiration of two years and six months from the commencement of the license, a requisition is made by *two* or more owners or occupiers of premises in or upon any street or part of a street within the area of supply or by the State Government or a local authority charged with the public lighting thereof, requiring the licensee to provide distributing mains throughout such street or part thereof, the licensee shall comply within six months with the requisition, unless—	This Government considers that the proposed 15% gross return on the investment for extension of the distribution system is inadequate. It is, therefore, proposed that that this percentage should be fixed at 20% and should include also the cost of the step-up and step-down transformers and sub-station equipment.	It has been suggested that— (*a*) the percentage of the gross revenue on the cost of the distribution mains required to comply with the requisition should be raised to 20% and, (*b*) for the purpose of computing the gross revenues, the cost of step-up and step-down transformers and other substation equipment should be taken into account. Under the existing provision the licensee is entitled to a reasonable return and this *reasonable return* has not been defined. The Board, in its 2nd meeting, considered 15% of the cost of distributing mains only (excluding the cost of step-up and step-down transformers and substation equipment) as reasonable. The above decision of the Board was based on the fact that the licensee would provide its sub-station not just for catering the demands of six or more requisitors concerned but also for the future demands of that area. This suggestion may not be accepted.
			(*a*) where it is made by such owners or occupiers as aforesaid the owners or occupiers making it do not, within fourteen clear days after the service on them by the licensee of a notice in writing in this behalf, tender to the licensee a written contract duly executed and with sufficient security binding themselves, to take, or guaranteeing that there shall be taken, a supply of energy for not less		

1	2	3	4	5	6
306	60	Clause V (1) (*a*)	than two years to such amount as will in the aggregate produce annually, at the current rates charged by the licensee, a *return, not exceeding 15 per centum of the cost of the distributing mains required to comply with the requisition, to the licensee;* *Provided that, the step up or step down transformers and other substation equipment shall not be deemed to form part of the distributing mains for the purpose of calculating the guaranteed return; or*	*The Federation of El. Undertakings of India, Bombay & Bengal Chamber of C. & I., Calcutta for para. 1 only.* As well established practice of licensees generally is to undertake expansion of Distributing Mains if the consumers can guarantee a gross return of 20% on the cost of the works. The arbitrary figure of 20% of the cost of the works has, however, never been capable of any scientific determination, as it will be appreciated that what is the true "economic" return in individual cases will vary with the individual, with the cost of any associated works and with the "cost analysis" relationships between gross return and nett return in that particular place. It is, however, a figure which throughout the years Electric Supply Undertakings have adopted as a "Rule of Thumb". The I. E. Act, 1910, did not lay down any special figure. While it may be possible that in certain cases a return of 15% might produce a satisfactory answer, it is felt that it would be imprudent to abandon the previous "Rule of Thumb" figure of 20%, which has stood the test of time for so many years and has provided an overall reasonable nett return to the licensee on his total capital outlay. The latter be it noted is controlled by law. We have pointed out above that in some cases the figure of 20% should be related not merely to the cost of electric supply lines, but to the other factors entering	
307	60	Clause V (1) (*a*)	Please see serial No. 306		*Vide* remarks against serial No. 306. The period of guarantee of 2 years is in accordance with the existing provision. The Federation itself has stated that at present under the established practice the licensees are demanding guarantee of only 20% for a period ot two years. In the 1903 Act this period was 3 years. The reasons for reduction of the period to two years are not known. In the 1910 Bill the period for street lighting was also fixed at 2 years. This was altered by the Select Committee to 7 years, as no minimum guarantees were to be given by the public lighting authorities. The periods of 2 years and 7 years may be retained. It is recommended that the provision may be made for a gross revenue not exceeding 20% for a period of two years when a requisition is made by six or more persons. This will be based on the existing provision in respect of the number of requisitionists and the peried

				into the cost of giving the supply since the economic factors operating between one supply and another are bound to differ. It is accordingly recommended that if any figure is to be introduced into the Act at all, it should be 20% gross on the cost of the "works" involved in giving the supply and this should be guaranteed over a period of at least 5 years. The question also arises here as to the number of applicants who should be entitled to demand extension of mains. It is felt that it is essential for the protection of licensees, for the reasons explained in the comments to clause VI (1) below, that 6 applicants, as in the present Act, should be retained.	of guarantee. It is suggested that the existing provision in respect of the number of requisitionists and the period of guarantee may be retained. The reasonable return may be defined as 20% of the cost of distributing mains. This suggestion may not be accepted.
				Shri T. S. Rao. Chief Engineer. BES. & T. undertaking Bombay.	
308	—do—	—do—		In the I. E. Rules, 1922, the term "owner" is defined as "a person (other than a licensee) generating, supplying, transmitting or using energy, to whom any of the provisions of Part III of the Act apply." The term "owner" is also loosely used in several places in the I. E. Act and Rules as applying to licensees, non-licensees owner, occupier or consumer. In a High Court decision in a Criminal Appeal by the Government of Bombay (Copy reproduced hereafter), it was held that the term "owner" as defined in the Act applied to a sort of a quasi-licensee who is not a licensee but who is authorised by Government under Part III of the Act, and is therefore, "an expert" having some knowledge of technical matters relating to electricity and maintenance of electrical apparatus and liable to the breaches of the Rules. It was, therefore, ruled that a person who is merely an owner, occupier or a consumer and not an expert, is not liable for any penalties for default in complying with any of the provisions of the Act or the requirement of the Rules framed under the Act, except for non-compliance of any order served on him under Section 34 (2) of the Act. In the circumstances, it is desirable to avoid the use of the word "owner" or "occupier" when referring to licensees or non-licensees supplying energy. For definition of the terms "owner" and "occupier." please see 2 (*i*) (*a*) and 2 (*i*) (*b*).	This suggestion contains proposals for the incorporation of the following:— (*a*) Definition of the terms "owner" and "occupier" (*b*) Requiring the consumer to provide necessary space for installing the licensees apparatus and mains (including transformer and other sub-station equipment) for supply of energy to him and to others in the neighbourhood without his consent and without payment compensation. (*c*) Prevention of public owners such as Government and local authority from imposing onerous conditions for the use of their land and from requiring the licensee to remove his works subsequently at his cost. (*d*) Enabling the licensee to tap the original service of the consumer without his consent for supply to other consumers. (*e*) Treatment of the service line which may be laid on public or private property of a consumer as sub-distribution main when such

1	2	3	4	5	6
308	60	Clause V (1) (*a*)		Considerable difficulties are being experienced by licensees, particularly in urban areas, to secure the agreement of the consumers to provide necessary space for installing the licensees apparatus and mains in their property. Further, consumers sometimes ask the licensee to remove the apparatus and mains already installed to suit their building extensions, particularly when there is any change of ownership. It is considered desirable to make it obligatory under law for the consumer to provide necessary space for installing the licensee's apparatus and mains for supplying energy to h'm and to others in the neighbourhood. The acquisition of such space under the Land Acquisition Act takes a very long time, apart from high compensation to be paid. It has been experienced that the local authorities demand a very high price for providing land for installing the licensee's apparatus and mains for public supply Similarly, sometimes Central or State Government impose very onerous conditions, such as licensees' mains to become their property and not to be removed and other licensees' apparatus to be removed at licensees' cost, if and when required to do so by Government. A service line should be restricted by definition to that portion of the line exclusively reserved for supply of energy to the owner of premises for his own use or by his tenants or employees. Where the premises is owned or occupied by more than one person or where the owner of the premises is not concerned with the supply of energy to his tenants, the licensee should be authorised to take tappings from the original service to the premises for supply to such consumers with or without the consent of the landlord. A service line will become a sub-distributing main at the point of connection from which one or more services called "multiple service lines" may be laid to a group of buildings. Th sub-distributing main may be both on private and public property. In the latter case, it will be necessary to provide for compulsory way-leaves and consumers served from such sub-distributing mains could no longer be required to pay for any portion of the sub-distributing mains in private property. Further, the consumer for whom the	service has been tapped for supply to other consumers or consumer. (*a*) There is no need to define the words "owner" and "occupier" as these have the ordinary dictionary meaning or the meaning with reference to the context, (*Vide* remarks against serial Nos. 35 and 36). (*b*) This amounts to denying the right of an owner under the common law. (*Vide* remarks against serial No. 150). (*c*) It would not be appropriate to deny the rights of the owners. (*d*) & (*e*) —do— However, under the revised provisions of clause VI, it is proposed to require a licensee to lay a service line at his own cost in which case the ownership of the service line would vest in the licensee and the licensee could be within his rights to tap such service wire.

service was laid in the first instance, will have to be given a refund when part of the service becomes a sub-distributing main or distributing main.

At the end of this Clause, the following further provisos may be added as follows:

"Provided that the owner or occupier, local authority or State Government, as the case may be, requiring the supply, shall provide free of cost or on a nominal rental of Re. 1/- per annum, necessary way-leave on his property for laying overhead or underground electric supply lines and necessary space for installing transformers and other substation equipments for the purpose of supplying energy to him and to others in the neighbourhood. In the event of his discontinuing to take supply, and determination of the way leave or lease, he will be liable to bear the entire cost of removal of the aerial or underground mains, transformers and sub-station equipments."

"Provided further that where a licensee requires any space belonging to the State Government or Local Authority for establishing a substation for general public supply, the State Government or the local authority shall provide free of cost or at nominal rental of Re. 1/- per annum such space to the licensee as may be mutually agreed upon, and in case of dispute, the matter shall be determined by arbitration."

Copy of Judgments recorded by the High Court in Criminal Appeal No. 465 of 1935 (by the Government of Bombay) in the case of Imperation versus Nazarally V. Nattervals.

The Government Pleader for the Government of of Bombay.

Counsel Mr. Carden Noad with Mr. B. J. Dhondi for the accused.

Coram. Beaumont C. J. and N. J. Wadia J.

11th February, 1936.

Oral Judgment per Beaumont C. L.

This is an appeal by the Government of Bombay against the acquittal of the accused by the Chief Presidency Magistrate for a breach of Rule 41 of the Rules made under the I. E. Act, 1910, as subsequently amended.

The accused is the owner of a house situate at Doctor Street, Bombay, and in July last an accident occurred

1	2	3	4	5	6
				in the house. It appears that a contractor was employed to lay chunam in the house, and the workman employed by the contractor in the course of his work broke through the lead sheathing of an electric wire and the rubber insulation by means of a metal trowel which the workmen had in his hand. He thereby brought the trowel into contact with the electric wire. He was at the moment supporting himself by holding to a pipe for gas, and the result was that he was electrocuted and died. The learned Chief Presidency Magistrate has held as a fact that the earth wire connection in the electric supply line of the accused was defective but he has not held that the accident was due to the defect, and in the absence of any evidence or finding on this point, I am centainly not prepared to assume that a workman behaving as a workman did in this case, no doubt by carelessness and not by design, would not have been electrocuted, whatever the condition of the electric supply-line might have been. However, it is admitted that the question whether the accident which occurred was due to the defect in the earth wire is really irrelevant, because the prosecution alleged that the accused is liable for the defect under the Rules irrespective of any consequences which may have followed from that defect. The question to be determined turns on the construction of the I. E. Act, 1910, and the Rules made thereunder. Section 37 of the Act enables the Governor General to make rules dealing with various matters, amongst others providing for the protection of persons and property from injury by reason of contact with, or the proximity of, or by reason of the defective or dangerous condition of, any appliance or apparatus used in the generation, transmission, supply or use of energy; and under sub-section (4) of Section 37 the Governor-General, in making any rule under the Act, may direct that every breach thereof shall be punishable as therein provided. Section 38 sub-section (4) provides that all rules made under Section 37 shall be published in the Gazette of India, and, on such publication, shall have effect as if enacted in the Act. Then Section 47	

provides that whoever, in any case not aready provided for by Sections 39 to 46 (both inclusive), makes defaul in complying with any of the provisions of the Act, or with any order issued under it, or in the case of a licensee, with any of the conditions of his license, shall be punishable as therein provided.

The learned Government Pleader has argued that if there is no rule imposing a penalty for a breach of rule 41, then a penalty can be imposed under Secttion 47 but in my opinion that is clearly not so. Section 47 deals in terms with default in complying with any of the provisions of the Act, or with any order issued under it, or, in the case of a licensee with any of the conditions of his license, but it does not deal with a breach of the rules made under the Act. The learned Government Pleader has argued that in as much as the rules will have effect as if enacted in the Act, they should be treated as part of the Act. But clearly the rules are not part of the Act, and a provision giving them the same force as if they had been enacted by the Act does not make them so. It is to be noticed that when the legislature intend to deal with breaches of the rules apart from the Act they say so. For example section 34 (2) (*c*) deals with an act not in accordance with the provisions of the Act or of any rule made there under, and Section 42 (*b*) provides a penalty for a breach of the provisions of the Act or of the rules made thereunder. I have no doubt that the omission in Section 47 of any reference to a breach of the rules was deliberate, because the legislature realised that the Governor General had power in making rules to provide a penalty—an appropriate penalty for the breach of the rules, and if he did not desire to provide a penalty in any case, then it would be wrong to impose a penalty in such case by the Act. In my opinion, if the accused is to be liable for a breach of Rule 41, he must be rendered liable under one of other rules, and not under Section 47 of the Act.

Now Rule 41 which it is alleged that the accused has broken is in these terms : "Every electric supply line shall be maintained in a safe condition as regards both electrical and mechanical condition

1	2	3	4	5	6
				by the person to whom the same belongs". There is no definite finding by the learned Magistrate that the earth-wire which is defective belonged to the accused, but I will assume that it did, and therefore, the obligation imposed by Rule 41 applies to the accused. We then have to see whether any penalty is provided for a breach of that obligation. Now penalties are provided by Rules 105 to 107, and I think the argument of the learned Counsel for the accused that there is a definite policy underlying those penal rules is right. The policy seems to be in the first place to make licensees and owners who are experts having, or supposed to have, some knowledge of the technical matters relating to electricity and the maintenance of electrical apparatus liable for breaches of the rules. I should mention that an "Owner" is defined under the rules as meaning a person (other than a licensee) generating, supplying, transmitting or using energy to whom any of the provisions of Part III of the Act apply. He is a sort of quasi-licensee; a person who is not a licensee but he is authorised by Government under Act III of the Act to supply energy. The present accused is not an owner within the meaning of the Act, although he may be the owner of the defective wire in question. Rules 105 and 107 impose penalties on licensees and owners (*i.e.*, experts). Rules 106 and 106A impose penalties on persons who are merely consumers and not experts, and the policy with regard to them appears to be to penalise breaches of the Rules which are deliberate and which any consumer can avoid. The rules a breach of which is punishable under Rules 106 and 106A are Rules 29 and 40A which deal respectively with the breaking of a seal and the employment of experts only in the repair of electrical installations. These are rules which any non-expert consumer can observe. But there is no rule providing a penalty for breach of rules which might be broken by a non-expert unknowngly. Obviously, it would be extremely difficult, if not impossible, for an ordinary consumer with no knowledge of the ways of electricity or the sort of weaknesses in the supply lines or installations which are likely to occur, to comply strictly	

	Do.		with Rule 41, and maintain all his electrical and mechanical appliances at all times in a safe condition. No doubt, consumers will be well advised, as far as possible, to comply with Rule 41 and to have their electrical supply lines properly inspected by experts. If they do not do so, they run the risk of having their buildings burnt down, or being exposed to an action for negligence by somebody who is damaged by defective connection, though I do not mean to suggest that mere non-compliance with rule would be no evidence of negligence. But to say that every breach of Rule 41 is to be punished, would be to impose a very serious liability upon memebers of the public who use electrical energy for heating or lighting. The consequences which the learned Government Pleader has suggested would follow from our holding that there was no penalty imposed for a breach of Rule 41 seem to me not to be so serious as he suggests , because there are ample powers of inspection given to Government or to the licensee by the Act, and if it is discovered that any electrical connection is in a dangerous condition, notice can be given to the consumer and an order served upon him under Section 34 (2) of the Act requiring him to remedy the defect; if he fails to obey the order, then penalties are imposed, if not by some special rule, then by section 47 of the Act which covers failure to comply with orders made under the Act. In my opinion the learned Chief Presidency Magistrate was right in holding that, whether Rule 41 had been complied with or not, there was no penalty imposed for a breach of the rule. That being so, the prosecution fails and the appeal is dismissed.
			Per N. J. Wadia J.
			It was apparently admitted in the trial Court and was not disputed before us in the appeal that the supply-line which was found to be defective, and for the defect in which the accused was prosecuted, belonged to him. The prosecution originally was under Rule 41 read with Rule 107 of the I.E. Act. The learned Magistrate held that Rule 107 could not apply to the accused, he being neither a licensee nor an owner as defined in the Act; and it is not disputed that so far as Rule 107 goes, the view taken by the learned Magistrate is correct. It is contended, however,t hat the act of the accused in not

1	2	3	4	5	6
				mai taining the earth-wire connection in g od o r would amount to an offence under Section 47 of the Act. That Section provides penalties for default in complying with any of the provisions of the Act or with any order issued under it, or, in the case of a licensee with any of the conditions of his license. But the Section makes no reference to default in complying with the requirements of the rules framed under the Act. It is contended that under Section 38 (4) all rules made under the Act have effect as if enacted in the Act and therefore Section 47 must be held by implication to provide a penalty for breach of the rules also. Section 37 which gives the rule-making power, provides expressly in sub-clause (4) that the Governor General in making the rules may provide penalties for breach of the rules not merely by licensees and owners and their agents and managers, but also in certain cases for breaches by consumers as, for instance, in Rule 106 and 106A. On the other hand, while Section 47 of the Act makes no reference to defaults in connection with the rules, there are some other Sections which do provide penalties for breach of the Rules, *e.g.*, Section 42 (*b*) read with Section 34 (2) (*c*). It is clear, therefore, that the omission of any reference to the Rules in Section 47 could not have been due to mere over sight or to the fact that the reference to the Act in Section 47 was intended to include the Rules. The only inference we can draw from the fact that Sections 34 (2) (*c*) and 42 (*b*) of t ıe Act expressly provide a penalty under certain conditions for a breach of the Rules is that Section 47 was not intended to deal with the breaches of the Rules. The Act is an extremely technical one and the proper performance of its requirements dem and a considerable amount of technical knowledge, and the scheme of the Act appears to be not to impose penalties upon consumers or property-owners for breaches of technical requirements of the Act except after an order requiring them to comply with certain directions, and it is only the failure to obey such orders, and not the mere non-compliance with the Rules which is made punishable. Rule 41 explains on whom the responsibility for maintaining the supply line in a safe condition rests, and if	

				that duty is not satisfactorily carried out, Section 34 (2) (*c*) lays down the remedy, *viz.* an order in writing from the Local Government specifying the matter complained of and requiring the owner of the supply line to remedy it in such a manner as shall be specified. Admittedly, no such order was issued in this case and the accused cannot be held liable to a penalty for a mere non-compliance with the requirements of Rule 41. I agree that the appeal must be dismissed. By the Court, Sd/- K. A. Athalye, Acting Dy. Registrar. True Copy— Sd. K. A. Athalye, Acting Dy. Registrar The 9th day of April, 1936. *Dy. Secy. to Govt. of Saurashtra, I. & S. Deptt., Rajkot.*	
309	60	Clause V(1)(*a*).	Please see serial No. 306.	A clarification for 15% return is required as given in our comments against Item No. 39. *The Secy. to the Govt. of Bihar, Elec. Deptt., Ranchi.*	*Vide* remarks against serial No. 306.
310	Do.	Do.	Do.	The word " return" used in the section is rather ambiguous. It may mean "net return" also, but what is intended is "gross return". So it is necessary to use the words "gross revenue return" in Clause V(1)(*a*) and also in Clause VI(1). It is considered that requisition even by one person should be sufficient for this purpose. *Govt. of M. P., Elec. Deptt., Nagpur.*	do Nos. 194 and 306.
311	Do.	Do.	Do.	The written contract should be approved by the State Govt. as is the case with Clause VI(1)(*a*). The provision should be made for this and procedure for its amendment provided.	This suggestion may be accepted.
312	Do.	Do.	Do.	*The Secy. to Govt. of Andhra P.W. & Transport Deptt., Kurnool.* The prospective consumers in rural areas may not be living in specified streets and in view of the reference to street in Clause V(1), it may be argued that the requisition of the prospective consumers in rural areas is not statutorily binding on the lincesee. Clause V(1) may suitably be amplified to cover any owner or occupier not in a street.	In view of the definitions of the term "street" which also includes open space whether thoroughfare or not over which the public has a right of way, this suggestion may not be accepted.

1	2	3	4	5	6
				The Secy. to Govt. of Madras, P.W.D., Madras.	
22A	..		Please see serial No. 30	(1) The existing clause V(1) (*a*) of the Schedule was drawn up at a time when electric supply was contemplated mainly for towns. Hence, the reference to "occupiers of premises in or upon any street" in that clause. Since supply has already been extended to most of the towns, and the main work in future will be for taking it outside the towns, there does not seem to be need for any further reference to streets in the corresponding new clause. In view of this position, this Govt. would suggest that the expression "in or upon any street or part of a street" may be omitted from the proposed revised clause.	(1) *Vide* remarks against Serial No. 312.
				(2) This Govt. would also further suggest that irrespective of the number of consumers, a gross revenue of 15% p. a. on the capital cost of extension for a period of five years may be provided for as already indicated while commenting on section 22-Sl. No. 201-A.	(2) *Vide* remarks aginst Serial No. 307.
			V. Provisions as to laying down of further distributing mains—	*The Secy. to the Govt. of West Bengal, C. & I. Dept., Mines & Power Branch and the office of the Chief Electric Inspector, Govt. of W. Bengal.*	
313	..	V(1)(*b*) & V(2).	(1) Where, after the expiration of two years and six months from the commencement of the license, a requisition is made by six or more owners or occupiers of premises in or upon any street or part of a street within the area of supply or by the State Government or a local authority charged with the public lighting thereof, requiring the licensee to provide distributing mains throughout such street or part thereof, the licensee shall comply within six months	It may be considered, whether the provision of clauses V(*b*) and V(2) read together can be interpreted to mean that when a State Govt. or a local authority entrusted with public lighting needs supply of energy for street lighting, they may require a licensee to extend the distributing mains even for a singly light, without guaranteeing any economic return to the licensee. If so, the position would be untenable and unequitable. If desired, suitable amendments should be made to these clauses in the light of the comments offered above.	From the text of the clause it would appear that the provision in respect of the guarantee of the gross revenue would appear to be binding on the State Government and the local authority charged with the responsibility of public lighting as the public lighting authority has also to execute a like contract except that in the case of street lighting the period of contract would be 7 years against 2 years. However, from the Select Committee's report, it appears that the public lighting authorities were not required to give a minimum guarantee like the other requisitors, the period was increased to 7 years. This intention may be made clear in the redraft of

			with the requisition, unless,— (*a*)* * * (*b*) where it is made by the State Government or a local authority, the State Government or local authority, as the case may be, does not, within the like period, tender a like contract binding itself to take a supply of energy for not less than seven years for the public lamps in such street or part thereof. (2) Where any difference or dispute arises between the licensee and such owners or occupiers as to the sufficiency of the security offered under this clause, or as to the amount of energy to be taken or guaranteed as aforesaid, the matter shall be referred to the State Government, and either decided by it or, if it so directs, determined by arbitration.		the clause V(1) (*b*).
				Under Secy. to the Govt. of Orissa, Works Deptt., Bhubaneswar.	
314	..	Cl. V(1)(*b*).	Please see serial No. 313.	In this connection the reason for the amendment against item 64 of the Statement of amendments may be seen. As proposed in that item the period of 7 years under clause V(1)(*b*) may also be reduced to 5 years.	*Vide* remarks against serial No. 313.
				The Secy. to Govt. of U. P., Power (B) Deptt., Lucknow.	
315	..	Cl. V(2) .	Do.	For the sake of uniformity in settlement of disputes the existing sub-clause (2) should be also on the line of the proposed sub-clause (3) of clause VI of the Schedule to Act.	The suggestion is in order and the clause may be suitably amended as follows :— "Where any difference or dispute arises between a licensee and such owners or occupiers as to the sufficiency of the security offered under this clause or as to the cost of the distributing mains or as to the amount of energy to be taken or the gross revenue to be guaranteed as aforesaid, the matter shall be referred to the Electrical Inspector and decided by him.

1	2	3	4	5	6
				The Secy. to Govt. of Bihar, Elect., Deptt., Ranchi.	
316	..	Cl. V (2).	Please see serial No. 313	In the existing clause, provision is made for referring any difference or dispute to the State Govt. It is suggested that the words "State Government" may be replaced by "Electrical Inspector" as such disputes can be settled by him. This is in line with a similar provision under Clause VI of the Schedule.	*Vide* remarks against serial No. 315.
				The Federation of E. U. of India, Bombay.	
317	61	Clause VI(1).	VI. Requisition for supply to owners or occupiers in vicinity. (1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced, a requisition is made by the owner or occupier of any premises situate within the area of supply requiring the licensee to supply energy for such premises, the licensee shall, within one month from the making of the requisition, or within such longer period as the Electrical Inspector may allow, *instal the service line at his own cost* and supply, and, save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control continue to supply energy in accordance with the requisition. Provided first that, the licensee shall not be bound to comply	The present provision whereby the consumer could be called upon to pay the cost of any service line beyond 100 feet from the licensee's distributing main is sought to be abolished. This will result in licensees being inflicted with great hardship in cases where consumers demand services far from a distributing main in a locality where no future load growth can be expected. Under the proposal the consumer's obligation will be limited to returning to the licensee a mere 30% *gross* of the cost of the service over only 2 years. This in the *net* would not afford the licensee recovery of even a minor portion of his capital outlay. Nor is there any guarantee that the consumer will even continue to use any significant energy after the first two years (under our suggestion it should be at least 5 years). There is, therefore, a strong case that at least some limit should be fixed beyond which the consumer will be obliged to pay for his service if the licensee so desires and that this limit should certainly not be fixed at a point more than 200 feet from the distributing main. Finally emphasis must be made to the extreme difficulty which licensees in general are facing to raise any money for development, and it must be pointed out that consumers contributions to service lines afford a very valuable source of development finance which it cannot be said has adversely affected the community since the undertaking is not allowed any return on this money in terms of clause XII of the Sixth Schedule to the E. (S). Act, 1948. Even if the licensee could find the money in every case it will be unreasonable to compel him to do so, as thereby his "reasonable	The licensee will be required to comply with the requisition within the period stipulated in this clause only where the distribution main is laid down and the supply of energy through such distribution main is commenced. Thus an isolated consumer cannot require the licensee to lay down a service line. Experience has shown that the demand from the same consumer goes on increasing as the time passes instead of decreasing as feared. The issue raised in this suggestion relate to the increase in the period of guarantee from 2 to 5 years and limiting the length of a service line to be provided by the licensee at his own cost to 200 feet from the distribution mains. This matter was discussed at great length in the 2nd meeting of the Board and it was considered that 15% gross revenue and two years minimum guarantee period were reasonable and any increase over the percentage or the period would be detrimental to the electrical development. The Board, may however, consider the question of putting some appropriate limit on the length of the service line which must be provided by the licensee free of cost after which the consumer will be required to pay; and vesting the ownerships of the service line in spite of the payment by the conumser to the licensee.

with any requisition, unless and until the person making it (*a*) within fourteen days after the service on him, by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the State Government duly executed and with sufficient security binding himself to take a supply of energy for not less than two years to such amount as will produce *annually* at current rates charged by the licensee a * return *to the licensee * not exceeding 15 per centum of the cost of service line required to comply with the requisition.*

* * * *

Provided thirdly, that the maximum rate per unit of time at which the owner or occupier shall be entitled to be supplied with energy shall not exceed what is necessary for the maximum consumption on his premises, and, where the owner or occupier has required a licensee to supply him at a specified maximum rate, he shall not be entitled to alter that maximum, except after one month's notice in writing to the licensee, *and the licensee may require the owner to guarantee additional return as will produce annually, at the current rates charged by the licensee a return not exceeding 15 per centum of the cost of augmentation of the service line, or in respect of any fittings or apparatus of the licensee upon that property; and*

* * * *

return" will be raised so that the general consumer will have to pay more on account of the giving of free services to relatively few consumers with long service lines.

Therefore very few licensees under present day circumstances who are in the fortunate position of being able to carry out unlimited extension and meet all demands for services free of cost. It would be a good guess that 90% of the undertakings would be totally incapable of carrying out their obligations under the proposed amendment, and would be permanently placed in a position where their licenses could be revoked any time. Any amendments introduced should be framed having regard to the reality of the existing situation.

It will be interesting here to draw the Board's attention to the paper (reproduced in the February, 1953 Circular of the Federation) read by Mr. K.V. Karantha, the Chief Electrical Inspector, Govt. of Madras to the Licensees Conference held at Madras in 1953. In this paper a suggestion was made for unconventional methods for raising finance. While the proposals made therein are objectionable in certain respect they indicated an appreciation of the hard facts.

A recordof the discussion between the Committee appointed by the Reserve Bank of India toexamine how increased finance could be made available to the private sector and the delegation from the Federation is reproduced below :—

THE FEDERATION OF ELECTRICITY UNDERTAKINGS OF INDIA

Finance for Private Sector.

A delegation from the Federation gave evidence on 19th January, 1954, at 4 P.M. before the Committee appointed by the Reserve Bank of India to examine

1	2	3	4	5	6
				The F.E.U. of India, Bombay.—contd.	
317	61	Cl. VI(1) Contd.	Do.	how increased finance could be made available to the private sector. The following members of the Committee were present:— Mr. A. D. Shroff — Mr. B. T. Thakur. Mr. J. V. Joshi — Mr. B. D. Dutta. Mr. C. W. Middleton, Mr. V. R. Sonalkar — Mr. M. S. Nadkarni and Dr. K. S. Krishnawwamy The Federation was represented by :— Mr. K. G. Milne — Mr. N. C. Javeri Mr. N. N. Iengar — Mr. B. D. Somani Mr. P. E. Patel — Mr. R. P. Aiyer (Secretary). Most of the questions on behalf of the Committee were put by Mr. Shroff, with others seeking information on specific points, and on behalf of the Federation, Mr. K. G. Milne was the spokesman, with other members of the delegation elucidating particular points of view. At the outset Mr. Shroff thanked the Federation for its memorandum (a copy of which is attached for ready reference) and asked the delegation to explain the implications of the return of 5% laid down under the E. (S.) Act, 1948, and on what this return was based. It was explained on behalf of the Federation that the E. (S.) Act was a unique piece of legislation, and no mechanism of price control in other industries compared to the financial provisions under the Act to which the Industry was subjected. The Electric Supply Industry was an absolutely essential Industry, on which the most important national development plans were founded. A major part of this Industry was still in commercial hands, despite all the great Governmental multi-purpose projects, but its economic well-being was not being fostered by the authorities, and strangely even the reverse. The formula laid down in the Sixth Schedule to the Act was inelastic and constituted, metaphorically, a coat which had to fit every back. It was designed to provide a basis where-	Joint Secretaries

by a common standard would be applicable throughout the country, and to replace the previous method of *ad hoc* local government pricing committees, which by their vagaries had created a sense of uncertainty in the Industry.

The Standard Rate of 5% was to be applied to the Capital Base, elaborately defined, so as to arrive at the Reasonable Return permitted to the investor. The Capital Base might be briefly described as the original, or historical, cost of fixed assets less actual depreciation set aside according to a prescribed schedule, plus certain additions for working capital, stores, etc. More roughly the Capital Base could be reckoned as the Gross Block less depreciation written off.

To the query as to how the depreciation provisions under the E. (S.) Act compared with Income Tax depreciation, the delegation pointed out that in arriving at the Reasonable Return to be earned by the investor, the E. (S.) Act by the Seventh Schedule prescribed certain lines in respect of fixed assets, and depreciation was to be set aside in accordance therewith either by the straight line method or by the compound interest method. Conversely, the Income-tax formula especially when taking into account the relatively new initial and special depreciation allowances, permitted accelerated depreciation of assets, and this difference gave rise in the case of expanding Electric Supply concerns to special problems of deferred tax liability, excess dividends tax, and denial of shareholders rights to "gross up" their dividends. The excess dividends tax could be briefly explained by saying that while under the E. (S.) Act a concern might earn certain permissible "clear profits", contemporaneously higher depreciation allowances for Income Tax could result in the "assessable" profit being much less or nil. Payments of dividends to the shareholders out of such 'clear profits' were being subjected to excess dividends tax or, where the "assessable" profits were nil, grossing up of dividends in the hands of shareholders was being disallowed. Hence there was double taxation peculiar to the Electric Supply Industry because the incidence of ordinary Taxation was merely deferred. Moreover the Electricity legislation made no specific allowance for accumulating a reserve to meet such deferred tax in future.

1	2	3	4	5	6
317	61	Cl. VI (1)—*contd.*	Please see sarial No. 313.	*The F. E. U. of India, Bombay.* The Committee sought information as to the effect of the application of the Standard Rate on the finance of electric supply undertakings. The delegation pointed out that while in the period following the enactment of the E. (S.) Act a number of undertakings had been able to maintain their dividends, any fresh issue of capital diminished their capacity to do so. Companies which had followed policy of thrift and in the past had ploughed back earnings into the business had created with these Reserves a healthy ratio between the share capital and the Capital Base, but as new capital coming in was only permitted to earn 5% dividends tended to be watered down. The ratio of Reserves to share capital could not nowadays be correspondingly maintained, because the 1948 Act allowed very little for Reserve. Unless, therefore, the Standard Rate was increased to at least 6% expanding companies would not be able to maintain their dividends. This had an adverse effect on their financial strength which in turn was inhibiting the raising of development capital. In any case a return which was already low in 1948 was entirely out of keeping with the present day. The Committee then raised the question as to how the Industry tackled the problem of renovation or rehabilitation. To this the delegation replied that the framers of the E. (S.) Act had made no special provision for rehabilitation or renovation, presumably on the assumption that such would be met from historical cost depreciation, or, if need be, by raising additional capital. The Act had provided for a Contingencies Reserve which was very small, being limited to a maximum accumulation of 5% of the original cost of fixed assets. Even this was not available for the use of the electrie supply undertakings except with the special permission of the State Govt., and another restriction was that the Contengencies Reserve was to be inves-	

ted in Trust Securities. The Industry had already suggested to Govt. that at least 50% of this Reserve should be permitted to be utilised by undertakings in their business, and there were also other minor proposals for greater use of internal finance. For specific purpose of a rehabilitation Reserve a suggestion had already been made to Govt. to permit undertakings to earn an additional 1½% over and above the Reasonable Return, on the Capital Base.

The Committee then asked how many undertakings were able to earn the Reasonable Return of 5% permitted under the Act.

The delegation thought that about 30% of the Federation's constituents (covering a large proportion of plant and investment) would be reaching this target, while in the case of the numerically superior balance the economics of supply were governed by so many difficulties that they were not able to do so.

To the Committee's query as to whether an increase in the Standard Rate to 6% would meet the case of the Industry, the delegation stated that while this token increase was very vitally necessary in the case of the big and medium sized undertakings so as to resuscitate their deteriorating financial position, in the case of the smaller undertakings greater importance would have to be attached to the State Govt. removing hindrances and allowing the Electricity law to function. The preamble to the Supply Act emphasised the need "for taking measures conducive to the electrical development in the States of India" and special attention had been given in the first Chapter of the Act to the formation of State Electricity Boards in the various States. One of the functions of these Boards was to finance loan to licensees (Section 23), and with the Industrial Finance Corporation being chary of giving loans to electric supply undertakings, it became vital for Statutory Electricity Boards to be there and to assist such small undertakings. The Statutory Boards should be able to raise public finance without difficulty. They could be

1	2	3	4	5	6
317	61	Cl. VI(1)—*contd.*		*The F.E.U. of India, Bombay.* backed by Govt. guarantees (Section 66). They had full powers to control the undertakings to which they lent. Broadly speaking the need for increasing the Standard Rate permitted to the investor was long overdue and would have a tonic effect on the whole Industry even though some units, because of their present position, would not be able to benefit. Such an increase would enable undertakings which had schemes for expansion to go into the market for finance with greater confidence. At this stage members of the delegation spoke of specific instances where they had intimate knowledge over prospects of raising capital, and underlined the general depressing effect the present limit of 5% was having on the Industry generally. The discussion then turned on to the assistance that could be rendered by the Industrial Finance Corporation, Mr. Sonalker, Managing Director of the Industrial Finance Corporation (and also a member of the Committee) cleared the point that the Industrial Finance Corporation had no prejudice against lending finance to electric supply undertakings, but that the Corporation could not ignore the peculiar position of the Industry. The Industrial Finance Corporation would always consider applications received from sound undertakings. He stated that most of the loan applications were from undertakings which were not credit-worthy and the loans applied for had in many cases exceeded their assets. The delegation pointed out that much misunderstanding had arisen out of the I.F.C 's original stand that the I.E. Act, 1910 and the E.(S). Act, 1948 by themselves, were obstacles in the way of the corporarion lending finance to electric supply undertakings. This approach was unhelpful. It was satisfactory that I. F. C. was prepared to modify this stand. The I. F. C.'s efforts to explain to State Govt. the need for removing administrative obstacles was also appreciated by the Industry. The Federation had heard that there might be some intention of the Central Govt. to amend the provisions of the Electricity Act of 1910 in regard to compensa-	

tion to be paid be to licensees on ultimate acquisition under their licenses.

At present this compensation was to be based on "Fair Market Value" at the time of acquisition, plus a solatium for compulsory purchase. If any attempt to alter this basis was made, as in the direction of substituting written down book value, the Federation thought that it would put final account to the possibility of raising further finance for the Industry, even though at present any such move appeared to the Federation to be unconstitutional.

At this stage a broad sheet compiled by the Federation dealing with the efforts made by the Electric Supply Undertakings to raise capital was handed over to the members of the Committee. The broadsheet made specific reference to the approaches made to the I.F.C. and the response obtained. This indicated that the I. F. C. had not been able to assist to any extent but some State Govts. and State Financial Corporations had come forward in a limited way.

One difficulty mentioned by the delegation here was the rate of interest required by the I.F.C. An important point which should not be forgotten was that it would make no economic sense if mortgage loans available to the Industry were not at rates which were something considerably less than what the Industry was permitted to earn by way of Reasonable Return on its Enquiry Capital. Another peculiar problem was that the E. (S.) Act had made no provision for amortisation of loans, and a loan could only be redeemed by raising fresh capital, unless the depreciation accruals were of sufficient size to meet the purpose. It was, therefore, of prime importance that there should be some organisation for giving the Industry finance on long term basis and such long term lending could best be done by the State Electricity Boards visualised under the E. (S). Act.

On behalf of the Committee information was sought as to which of the States had formed the State Electricity Boards.

1	2	3	4	5	6
17	61	Cl. VI(1)—*contd.*		The delegation replied that Boards had so far been constituted in Delhi and Madhya Pradesh and there was indication that some of the State Governments were actively considering the matter. The Act originally provided for a period of two years from September 1948 within which States had to form the Boards, but the Central Govt. had extended the time limit from time to time. Unless further extension of time was given by the Central Govt. the Boards had to be formed before 31st March 1954. Some of the States which had large schemes of their own were possibly reluctant to constitute the Boards perhaps with a view to avoiding the possibility of having to pay income tax which a State Electricity Board, because of its being a trading corporation, would have to pay, if it made any profit. In this latter context the Federation pointed out to the indirect benefits which accrued to State General Revenues whenever such a basic commodity as Electricity was increased. Also the States all received back their proper share of Central Income Tax. To an enquiry as to the functioning of the Board in Madhya Pradesh, and whether that Board had offered any financial assistance to licensees, the delegation replied that there was evidence of co-operation between licensees and the M. P. Board but so far no large scale finance had been made available to licensees by the Board. The Committee sought information as to the resources of the Industry by way of working capital, and how this was raised. The delegation pointed out that the current assets of electric supply undertakings largely consisted of pending bills for supplies of electrical energy; they had no stock in trade. Where short term finance was necessary it was raised through banks or by private loans against guarantee. For such purpose the undertaking was not mortgaged, but in cases where such mortgage was necessary the previous permission of the State Govt. was necessary under the I.E. Act, 1910.	

A reference was made by the delegation to the need for providing greater margin to insurance companies to invest inequities of electric supply undertakings. It was thought that the I. F. C. should also be empowered to do this, and should in general be prepared, in conformity with its special economic "raison d'etre" to take greater risk in its financing of individuals than was ordinarily acceptable to the private investor who could not spread his risk so widely. It was suggested that the Reserve Bank should freely rediscount loans.

The meeting lasted for about 45 minutes and covered a wide field of detail in the process.

THE FEDERATION OF ELECTRICITY UNDERTAKINGS OF INDIA

AIDE-MEMOIRE

In this Memorandum attempt has been made to focus attention on the extent of finance required by the Electricity Supply Industry in the private sector to fulfil the targets it has set out to achieve during the next three years only.

Recently this Federation made a surevey to ascertain the extent of response Electric Supply Undertakings have had in raising finance for development. This study has been put up to the Central Ministry of I. & P., and a summary is enclosed.

This indicates that the quantum o f finance required by the Electric Supply Industry during the next three years is large. Most units of the Industry except for very large and well established undertakings, have not been able to raise any significant finance, since the limitation on the return to the investor has been fixed at 5% after the enactment of the E. (S.) Act. Even in the case of the very few large undertakings the capacity to raise finance is continually diminished as new investments only attract 5% return.

The crux of the problem therefore is the need to offer added incentive to the investor in the Electric Supply Industry.

The main points which this Federation would like to submit for consideration of the Committee are em-

1	2	3	4	5	6
317	61	C. VI(1)—*contd.*		*The F. E. U. of India, Bombay.* bodied in the memorandum attached to the Federation letter's No. FEU/17B/240/53 dated 9th October, 1953, when the Industry's case was first posed to you and a copy of this is enclosed for ready reference. Encl : (as below). THE FEDERATION OF ELECTRICITY UNDERTAKINGS OF INDIA Electricity (Supply) Act—Amendments. 1. *Standard Rate* The most urgent need for the Industry is to have development finance and Govt. are urged to take notice of the difficulties experienced by electric supply undertakings in attracting new capital. The upper limit of 5% return on capital base allowed is at present insufficient as an incentive to attract investors. It is therefore, important that as a practical matter the Electric Supply Industry, which faces major expansion programme totalling some Rs. 30 crores in the next 5 years, should be allowed a return sufficient to attract new finance. The Industry's demand is for a modest increase from 5 to 6%, which merely lines up with present day cost of money following the Government's abandonment of the previous cheap money policy. 2. *Deferred Taxation Reserve* Doubts have been expressed whether Clause XVII(2)(*c*)(*ii*) of the Sixth Schedule permits electric supply undertakings to set aside amounts against liability for taxation presently deferred but which will later accrue. Initial and special depreciation allowances under the Income Tax Act result in undertakings which have recently installed new plant obtaining a large amount of temporary relief from income tax and super tax, depreciation to be set aside in the books of the undertakings being statutorily fixed by the E. (S.) Act on an entirley different basis. This relief being in consequence only temporary the deferred	

				tax liability will mature in the future, in addition to then normal tax. It is, therefore, desirable that the incidence of the deferred tax should be permitted to be spread over a period by means of advance provisions so as to avoid the necessity of sudden and heavy rates increases when the burden descends later. It is understood that Govt. are favourably inclined to consider this proposal, which is paralleled by similar action already taken in U.S.A., where circumstances are similar. All time lost in this context will make the future adjustment of rates to meet taxation harder for the consumer and the licensee to bear. Meantime the Industry needs finance which would be provided by the Deferred Taxation Reserve Funds. 3. *Rehabilitation Reserve* The suggestion of the Industry is that a sum not exceeding 1½% of the capital base should be additionally allowed yearly towards reserve for rehabilitation. This is much needed now in the light of the difficult investment market and cost of new plant essential for renovation of the Industry. 4. *Other forms of internal finance* As a means of assistance to finance day to day expansion it has been suggested that at least 50% of the Contingencies Reserve should be permitted to be invested in the business, instead of being tied up in gilt edged securities as at present required by the law. Another suggestion in this context is that the consumer's share of any surplus profits should be merged in the Tariffs and Dividends Control Reserve, and not paid out in rebates [Clause IV(2) and Clause II of the Sixth Schedule to the Act]. *Shri T. S. Rao, Chief Engineer, B.E.S.T. & undertaking Bombay.*	
318	61	Cl. VI(1)—*contd.*	Please see serial No. 317	*Line 10.* While the general opinion is in favour of giving free service connection, it is suggested that having regard to the present conditions, some limitation should be provided for to safeguard the interest of the licensees,	*Vide* remarks against serial No. 317.

1	2	3	4	5	6
318	61	Cl. VI(1)—*contd.*	Please see serial No. 317	as a mere provision of a guarantee of a reasonable return for two years only, is not considered adequate in the case of services involving long lengths and consumers who may not continue after 2 years. Generally, the principle to be followed should be as under :— The person requiring the supply must specify the premises where supply is required, the maximum power required and the date from which the supply is to commence. The licensee can then require that the consumer shall : (1) Pay for all mains on private property in excess of 100 ft. in the case of underground mains and 300 ft. in the case of overhead mains. (2) Guarantee to take for two years a supply of electricity that will produce a revenue on the standard tariff equivalent to and not exceeding 15% per annum of the licensee's outlay. (3) Give security for the above payments. It is not necessary that all the foregoing provisons should be fully applied by the licensee, but each case should be dealt with on its own merits. In general— (1) When the estimated revenue exceeds 15% of the capital, payment under (1) should not be demanded. (2) When the estimated revenue is less than 15% of the capital outlay, the consumer may be required to guarantee a minimum revenue or pay a suitable "line rental" in place of the guaranteed minimum revenue. (3) In cases where a subsequent consumer takes a supply from the extension for which method (2) is used, a proportionate reduction of the guaranteed minimum revenue or the line rental, should be afforded to the original consumer. In line 10, after the words "at his own cost", add : "Except where special agreement is entered into to the contrarybetween the licensee and the owner and subject to a maximum limit of 300 ft. in the case of overhead lines and 100 ft. in the case of underground mains on private property".	
319	Do. (b) First proviso.		Do.	After (b) of first proviso, add (c) and (d) as follows :— "(c) The owner or occupier shall provide a suitable water-	The provision proposed to be incorporated could appropriately be made in the conditions of supply.

				tight masonry pillar, recess or teakwood or metallic cupboard of such dimensions and construction as specified by the licensee and in such position as may be pointed out or marked by the licensee for the installation and safety of the meter, switches, cut-outs and service board of the licensee, and such apparatus shall be readily accessible to the licensee at all times." (Difficulties have been experienced in urban cities in getting suitable accommodation for installing licensees' meters, service boards and cut-outs. Sometimes, building additions are made covering licensees' apparatus and rending it inaccessible for taking meter readings, inspections and maintenance. At present, there seems no legal provision in the Act or the Rules for overcoming these difficulties.) "(d) The owner or occupier shall give a written undertaking that he has no objection to the licensee laying necessary service lines in his premises or property for supplying energy to the tenants in his premises or to others in the neighbouring premises, and to the licensee's meters being placed in such cases above the service as and when occasion arises."	This suggestion may not be accepted.
320	61	Cl. VI (1) second proviso.	Provided, secondly, that the licensee shall be entitled to discontinue such supply— * * * (c) if the electric wires, fittings, works and apparatus in such property are not in good order and condition, and are consequently likely to effect injuriously the use of energy by the licensee, or by other persons, or * * *	Under (c) in line 3, substitute the words : "use of energy by the licensee or other persons" by "the supply of energy by licensee to other persons".	The proposal to modify the text of this clause may not be accepted.
321	Do.	Do. third proviso.	Please see serial No. 317.	In line 5, after the word "premises", add : "as per his requisition"	The suggested amendment does not improve the draft. This suggestion may not be accepted.
				Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.	
322	Do.	Clause VI(1)	Please see serial No. 317.	(1) Insert "including the meter board" after service line. This modification is necessary in view of the provisions in clause VI(3) in regard to the settlement of disputes in connection with the position of meter board. (2) Insert "unless otherwise agreed upon as hereafter provided" after "own cost". This is necessary in view of the provisions of clause VI (2) under item 62. (3) Sub-clause (a) of the 2nd proviso to this clause appears	(1)—The inclusion of the words "meter Board" after the words "service line" may be accepted. (2)—The suggestion to include the words "unless otherwise agreed upon as hereinafter provided" may be accepted. (3)—Sub-clause (a) of the 2nd proviso has been

1	2	3	4	5	6
				to warrant a careful scrutiny in view of the new approach to "reasonable return," *i.e.* at 15% of the cost of service lines.	scrutinised and appears to be in order.
				The Secy. to the Govt. of West Bengal, C.& I. Dept., Mines Power Branch.	
323	61		Please see serial No. 317	The State Govt. agrees to the amendment, subject to the following modifications :— (i) The words "including the meter Board" should be inserted after the word "service line". This will be necessary in view of the provisions in clause VI (3) in regard to the settlement of disputes in connection with the position of the meter Board. (ii) The words "unless otherwise agreed upon, as hereafter provided" should be inserted after the words "own cost". This is necessary in view of the provisions of clause VI(2) under item No. 61. (iii) Sub-clause (a) of the Second proviso to this clause appears to warrant a careful scrutiny in view of the new approach to the question of reasonable return proposed to be set at 15% of the cost of service lines.	Do.
				The Bengal Chamber of C. & I., Calcutta.	
324	Do.		Do.	The addition to this clause specifying that the licensee shall instal a service line at own cost is streneously opposed. It will mean that the suppliers whether licensees, local authorities or State Govts. or the Board will need much more capital to meet these costs. It may be argued that this clause only specifies "licensee" but the new definition of "licensee" in item 6 brings in all suppliers with the exception of the State Govt. If this exception were to hold in the matter of free services, licensees, local athorities and others engaged in the business of electric supply (presumably this also includes Electricity Boards) would be in the position of having to find capital for, and giving, free services and State Govts. of not giving free services. It must be	

				The Bengal Chamber of C. & I., Calcutta. stated firstly (as mentiohned in item 6 earlier in these notes), that if the State Govt. takes the rights of a licensee it should take the duties and obligations. *Secondly*, that the Public would object strongly where, in adjacent areas the licensee has to give a free service in and Govt. does not. *Thirdly*, that the question of taking over a Supply Company on the termination of a licence by the Govt. would be complicated since free services would havte been provided by the licensee and so Govt. would either have to continue this or make themselves unpopular by ceasing to do so. However the question of Government's responsibility be settled, it is clear that additional capital of considerable magnitude is involved and the provision would materilally retard development work. It is to be noted that this measure will not benefit the consumer as a whole since the rates of supply will reflect the extra capital charges and the consumers will have to pay more for the units. This will e inequitable for these consumers who have already paid for services. There appears to be no clarification in this item limiting the length of service line which may be demanded so that it would appear there is nothing to stop a consumer asking for an unlimited length of servicel ine and the licensee being compelled to give it. Since there is no provision under which the licensee can charge an extra rate for electricity to this consumer, the absurdity of the situation is obvious. The question of guarantee not exceeding 15 per cent per annum for two years is mentioned in this amendment and the proviso thereto but it does not state whether this is "aggregate", "nett" or "clear". *Dy. Secy. to the Govt. of Bombay, PWD., Bombay-1.*	*Vide* remarks against serial No. 317. It would be reasonable to require the State Electricity Boards or the State Government when engaging in the business of public supply to subject to the same conditions in respect of the laying down of service lines as the licensees.
325	61	Cl. VI(1)	Please see serial No. 317.	The amendment proposed to this clause provides for laying service line entirely at the cost of the supplier on the basis of 15% gross return. This Govt. considers that it is unfair to the licensee particularly because the period laid down as minimum for taking supply is only two years. This Govt., therefore, considers that an alterantive may be provided in this respect, *i.e.* either the consumer should pay for the service line as at present and bind himself to take	*Vide* remarks against serial No. 317. The text of the amended Clause VI(1) would indicate that the option to require the licensee to provide the service line at his own cost is with the prospective consumer.

1	2	3	4	5	6
325	61	Cl. VI(1)—contd.		supply for a minimum period of two years or alternatively he may require the licensee to lay the service line at the latter's cost in which case he should agree to take supply for a minimum period of at least five years' so as to compensate the licensee for the capital expenditure incurred by him. It should also be laid down specifically that this option should be left to the discretion of the prospective consumers and not to the discretion of the licensee.	
326	Do.		Do.	*Under Secy. to the Govt. of Orissa, Works Deptt. Bhubaneswar.* The provision that the service lines should be laid a the cost of the licensee will lead to extra cost as a whole to many consumers as this will increase the Capital cost to the undertaking. As a result of this the company may be forced to revise their rate to get a reasonable return and this will affect the smaller consumers where the service line costs are generally small as compared to large bungalows etc. generally owned by the well-to-do persons. It is desirable that a suitalbe limit is fixed regarding the length of service connections which will be laid at the cost of licensee.	*Vide* remarks against serial No. 317.
327	61	Cl. VI(1)	Please see serial No. 317	*The Secy. to Govt. of U.P. Power (B) Deptt. Lucknow.* While the State Govt. appreciate the objective of amendment to get over a possible legal difficulty about the ownership of the service lines, they are very doubtful whether it would be desirable to burden all licensees with finding the initial capital for meeting the installation cost of service lines. Most of the licensees in this State are already finding it difficult to arrange for required amount of capital to meet their existing obligations and any amendment which seeks to enhance their obligations for capital expenditure will add to their difficulties. The State Govt. would not, therefore advise the acceptance of this amendment and will favour the continuance of the existing provision. In the existing provision the amount of reasonable return has not been specified. In the proposed amendment it is proposed to fix the reasonable return at an amount not exceeding 15 per cent of the cost of service line. Under the E. (S). Act, 1948, the reasonable	Para (1)—*Vide* remarks against serial No. 317. Para (2)—The 15% (reasonable) return is provided to cover interest, depreciation, operation and maintenance charges and to a limited extent the charges for the energy consumed. The return of 15% is not, therefore, considered excessive. To avoid confusion the word "return" is being replaced by the words " gross revenue"—*vide* remarks against serial No. 194. Para (3)—In practice, the licensees would specify fixed gross revenue for various categories of consumers depending on the lengths of service lines. No accounting complications are, therefore, expected to be experienced by

			return means 5 per cent. return on the capital base. It is not clear to the State Govt. why the amount of the reasonable return in the proposed amendment has been fixed at an amount "not exceeding 15 per cent" when under the E. (S). Act, 1948, the amount of reasonable return is limited to only 5 per cent. The State Govt. are of the opinion that the term "reasonable return" used in the existing provision should have the same meaning as it has under the E. (S). 1948. This may perhaps be made clear by adding a clause to section 2 of the Act to the effect that the term "reasonable return" mentioned in the existing clause V and VI of the Schedule shall have the same meaning as assigned to it in the E. (S). Act, 1948. Under the proposed amendment the licensee shall have to maintain separate accounts of the capital cost and reasonable return of all the service lines laid by him. These accounts will have to be checked up and revised every time a new connection is given from the same service line. This will perhaps add to the already complicated accounts of the licensees and will not, therefore, be desirable.	the licensees on this account. In any case, it is a matter for internal accounting and has nothing to do with the statutory accounts. This suggestion may not be accepted.
			M. P. Electricity Board, Nagpur.	
328.	Do.	Please see Serial No. 317	(1) The reasons stated are correct. It is best that the licensee builds the services line at his own cost ; the outlay is comparatively small and it gives him undisputed ownership. A supply within thirty days is possible only in urban situations and for L. T. consumers. Also it must count from the date the consumer deposits with the licensee the neceassary security deposits (and agreement). The period of agreement cannot be uniform for all types of consumers. This has been noted earlier elsewhere in these notes. Taking all these into consideration, a radical redraft of this clause is necessary as is proposed.	It has beed suggested that the periods for compliance with the requisition for low and medium pressure and high pressure supply should be 1 month and 2 months respectively instead of 1 month as at present. Under this provision the Inspector has the power to vary this period provided there are sufficient reasons for doing so. An amendment on this account is not, therfore, necessary.

1	2	3	4	5	6
				M. P. Electricity Board, Nagpur. PROPOSED TEXT : *Redraft—* *VI.—Requisition for supply to owners or occupiers in vicinity :* (1) Where after distribution mains have been laid under the provisions of clause IV or clause V (or in pursuance of a sanction by a non-licensee) and the supply of energy through these mains or any of them has commenced, a requisition is made by the owner or occupier of any premises situate within the area of supply requiring the licensee (or non-licensee) to supply energy for premises, the licensee (or non-licensee) shall— (*a*) In respect of low pressure supplies, within one month from the date of applicant tendering the security deposit and agreeing to tender the agreement in the prescribed form, or such longer period as the S.E.B. where constituted and the State Govt. where it engages directly in the electricity supply and the Electric Inspector in their absence may allow to instal the service lines at his own costs and supply and save in so far as he is prevented from doing so by cyclones, floods, storms or orders of Govt. or other occurrences beyond his control, continue to supply energy in accordance with the requisition. The licensee shall furnish the applicant with information within fifteen days from the date of requisition as to the amount of security deposit and an estimate of charges or other guarantees if any ; where it is not so done, the period for giving connection after receipt of the deposit and agreement shall be correspondingly reduced ; (*b*) In respect of high pressure supplies, the period of one month shall be exceeded but not	

			beyond three months, otherwise provisions foregoing for low and/or medium pressure supplies shall apply: Provided first, the licensee (or non-licensee) shall not be bound to comply with any requisition unless and until the person making it within fourteen days after the service on him, as earlier contained, of a notice of information as to security deposit and estimate of charges, if any, and form of agreement approved by the State Govt., tenders to the licensee the amount of security deposit together with charges, if any, and a written contract duly executed binding himself to take a supply of energy for such period as specified ; of not less than two years in the case of low pressure and medium pressure supplies and five years in respect of others provided, the same may be increased to three and seven years with the approval of the State Govt. in the case of rural or suburban situations of circumstances may warrant, to such amount as will produce annually at current rates charged by licensee (or non-licensee) a gross revenue (not less than) 15% per annum (or such higher percentage as may be approved) of the cost of service line required to comply with the requisition. Provided secondly, that the licensee shall be entitled to discontinue such supply as may be provided in the Act and the following :— (*a*) to (*d*) as is existing. (It is correct to limit the return to 15 %on the cost of augmentation) Provided thirdly—(As per CPWC's draft). *The Secy. to the Govt. of Bihar, Electricity Deptt., Ranchi.*	
329.	Do.	Do.	The new provision requiring licensees to erect service lines at their cost, provided a reasonable return is guranteed, is in the right direction. But here again, the words "not exceeding 15% " should be replaced by the words "not less than 15%". In view of the above provision, sub-clause (*b*), under the first proviso should be modified such that the payment	It would be advisable to provide for the ceiling and not for the floor. In view of the amended provision of Clause VI(1) and the remarks thereon given against serial No. 317 this suggestion need not be considered. This suggestion may not be accepted.

1	2	3	4	5	6
				of cost of service lines by consumer is only in respect of cases where they are unable to guarantee a return of 15%. The following amendment to para (*b*) is suggested : "(*b*) If required by the licensee so to do in the event of the consumer being unable to guarantee the return specified above, pays to the licensee....." *The Secy. to the Govt. of Andhra, P.W. & Transport Deptt., Kurnool.*	
330		Do.	Do.	In view of the obligations proposed to be laid on the licensee to instal the service line at his own cost, it is presumed that clause (*b*) of the first proviso to clause VI (1) will be limited. This may be confirmed. An extract of the remarks of the Chief Engineer (Electricity), Andhra in respect of the amendment to clause VI (1) of schedule, with which this Govt. agree, is reproduced below :— "*Item* 61—*Clause VI* (1) *of Schedule to Indian Electricity Act,* 1910. The amendment proposed by the Advisory Board is to provide for the installation of service connections by the Licensee at his own cost, the consumer guaranteeing a return upto a maximum of 15%. It is not clear whether this procedure is to be adopted, in all cases except for unusually long service lines not yielding reasonable returns (in which case clause VI (2) with the addition proposed provides for an agreement between the Licensee and the consumer whereunder, the cost of the service line may be recovered from the consumer). If the cost of the service line is as a general measure to be borne entirely by the licensee himself, taking only a guarantee from the consumer not exceeding 15 per cent of the cost, the Licensee will have to watch the return of every service connection which involves cosiderable dis-proportionately large accounting work. From	(1)—Clause (b) of the first proviso to Clause VI(1) has been proposed to be omitted. (2)—The provisions in Clause VI(2) will operate at the option of the consumer when he prefers to pay the cost of the service line outright instead of guaranteeing a minimum not exceeding 15%. (3)—For accounting complications, *vide* remarks against serial No. 327. (4)—In practice with the provision for option with the consumer to require the licensee to lay the service line at his own cost there would hardly be any case where the consumer will pay such cost. As under amended Clause VI (2) ownership of the service line paid for by the consumer will also vest in the licensee. It would not be desirable to make a provision for deduction for moneys received by the licensee on this account at the time of the purchase. (5)—As regards preventing the owners from making profits by sale of electricity from their tenants, this is a matter which could appropriately be governed by the provisions in the tenancy agreement.

				this point of view, the existing practice of recovering that part of the service which is beyond 100 feet on public property seems preferable. Secondly, it may be made clear by some provision that the cost of the part of the service line paid for by the consumer should rank for compensation at the time of purchase of the licensee's undertaking. Such a proviso may perhaps be added to section 7(2) as follows:— "Provided that the cost of the portions of the service lines paid by the consumer is excluded from the scope of the purchase price of the undertaking." Some owners of premises who get supply at lower rates on account of a large total consumption make profit by selling power to their tenants. Such a thing is not desirable to be permitted. Necessary provision in this regard may be made, if necessary.	
				The Secy. to Govt. of Madars, P.W.D., Madras.	
330A.	61	Cl. VI(1) .	Please see Serial No. 317 . .	In conformity with the suggestion of this Govt. while commenting on section 22—Sl. No. 201A a gross revenue of 15% p.a. on the Capital cost for a period of five years may be provided for in this clause also.	The provisions in section 22 and those in this clause relate to supply for two different purposes—those in section 22 relate to standby supplies and those in clause VI(I) to supplies for purposes other than for standby purposes.
				Dy. Secy. to Govt. of Saurashtra, I.&S. Deptt., Rajkot	This suggestion may not be accepted.
331	62	Cl. VI (2) .	(2) *Unless otherwise agreed upon between a licensee and a consumer* any service line laid for the purpose of supply in pursuance of requisition under sub-clause (1) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition *become the property of the licensee, and shall* be maintained by ** *him free of cost to the consumer.*	There is an idea to leave ownership of a long service line to the consumer by an agreement. This would mean that a service line laid out on public property will belong to a private owner and will have to be maintained by that private owner. If there is no proper maintenance and there happens to be an accident, the situation will involve legal proceedings which may be complicated on account of putting the fault on a particular party.	While no objection could be raised against the ownership of the consumer of the service line placed on public property (even under the existing provision the ownership of such portion of the service line is vested in the consumer, as per the latest ruling in this matter—ruling of the Nagpur High Court bench) there is, however, a strong objection to the consumer maintaining it. This intention may be made clear by inserting the words "in respect of ownership" between the words "consumer" and "any" occurring in the second line of the draft clause.

1	2	3	4	5	6
				Under Secy. to the Govt. of Orissa, Works Deptt., Bhubaneswar.	
332.		Do.	Do.	This is of consequential nature to item 61 and will require suitable change in accordance with further modifications suggested to item 61.	*Vide* remarks against serial No. 326
				The Secy. to Govt. of Madras, P.W.D. Madras.	
332A.	62	Cl. VI(2)	Please see serial No. 331.	The proposed revised Clause VI(2) will cover also the cases of service lines already laid before the date of coming into force of the proposed amendment, where contributions have been paid by the consumers to the licensee towards the cost thereof. The proposal would adversely affect the interests of this Govt. in respect of the following matters.	The Govt. of India has been advised that ownership of service lines, although partly paid for by the consumers, is vested in the licensee. To make this intention clear clause VI(2) was amended.
				(1) In the case of the Madras Electricity Undertaking acquired by this Govt. under the I.E Act from the Madras E.S. Corporation Ltd., there has been a dispute between the Supply Corporation and the Govt. in regard to the payment of compensation for that part of the service lines in the undertaking, the cost of which had been paid for by consumers. The opinion of the law officers of this Govt. has all along been that the ownership of the portion of the Service lines paid for by consumers cannot be deemed to vest in the licensee. In accordance with this view, the Madras E. S. corporation Ltd., was told by this Govt. that there was no proof that the service lines laid at the cost of the consumers in the Madras Electricity Undertaking belonged to the Corporation and that it would not be proper on the part of the Govt. to make any payment on the assumption that these lines were the property of the Corporation. The supply Corporation was further informed that the Govt. did not propose to make any payment to it towards the cost	Under the proposed provisions of Clause VI, it is intented that the licensee should provide the service line at his own cost except in special cases. As in such special cases, the ownership will be vested in the consumer by mutual agreement, the question of making the provision whereby the licensee will not be entitled to claim compensation in respect of service line, the owership of which is vested in the consumer, is not necessary. As regards providing for refund of half of the cost of the service line paid for by the consumer on the termination of agreement for supply, it was with a view to eliminate complications about refunds that it was decided by the Board to make a provision whereby a licensee would generally be required to lay down the service line at his own cost except in special cases. This suggestion may not be accepted.

of these service lines until the Corporation had established its title to the said lines as against the consumers by a decree obtained against the consumers in a representative suit. The Supply Corporation has not agreed with the view and has filed a suit in the High Court Madras, for obtaining a declaration from the Court that the electric service lines paid for by consumers in the Madras Electricity Undertaking have been sold and conveyed by tne Supply Corportaion to the Govt. as part of the undertaking. The Govt. have taken steps to defend the suit when it comes up for hearing before the court. But if in the meanwhile the amendment now proposed to Clause VI (2) of the Schedule were to be passed into law, this Govt. will have no grounds to defend the above suit. This may result in this Govt. having to pay to the Supply Corporation the entire amount claimed by it as compensation towards the service lines in question which is of the order of Rs. 5 lakhs.

(2) As pointed out in the comment on section 7 (1) Sl. No. 129A, provision has been made in the Madras Electricity Undertakings (Acquisition) Bill, 1954, that no compensation need be paid in respect of the assets of an undertaking paid for by consumers, which includes also the service lines paid for by consumers. If the proposed amendment to cluase VI (2) of the Schedule becomes law this may adversely affect the operation of the provision in the Acquisition Bill referred to above.

With a view to obviating the difficulties mentioned above this Govt. would suggest that a specific provision may be added to the proposed revised Clause VI (2) to the effect that in the event of acquisition of the undertaking the licensee will not be entitled to compensation in respect of service lines, the cost of which had been paid for by the consumers.

Apart from the aspect referred to above, there are also the peculiar cases of consumers who have paid for

1	2	3	4	5	6
				the service connection for taking supply for a few years only. (This would happen when a tenant asks for a connection at his own cost, the house owner being unwilling to incur the expense). In such cases also there would seem to be justification for some recompense being made to the consumer who ceases to take supply later, instead of either the licensee taking away all the service materials free of cost or the house owner getting the benefit of a free service connection. It is, therefore, suggested that in all such cases, where an agreement terminates permanently, the consumer should be paid by the licensee half the cost of the service line which he was made to pay for, the licensee being then allowed to dismantle and take away the service line or keep it on and later collect equivalent fresh charges from the new tenant or owner. Subject to the modifications suggested above, the proposed amendment is agreed to by this Govt. *The Bengal Chamber of C. & I. Calcutta.*	
333	63	CIVI . (3)	(3) Where any difference or dispute arises as to the amount of energy to be taken or guaranteed as aforesaid, *or as to the position of meter board and service line on a consumer's premises* or as to the cost of service line *for the purpose of arriving at the guaranteed return* or as to the sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires fittings, works or apparatus ; or as to the amount of the expenses incurred under the third proviso to sub-clause (1), the matter shall be referred to an Electrical Inspector snd	No objection provided that the formula for "reasonable return" is amended.	*Vide* remarks against serial No. 317

		decided by him. *Provided that before either a licensee or a consumer applies to the Electrical Inspector under this sub-clause, he shall give to the other party not less than fifteen days' notice of his intention so to do.*			
			Office of the Chief Electric Inspector, Govt. of West Bengal, Calcutta.		
334.	Do.	Do.	Unless the reference of meter board is provided in clause VI(1)—item 61, the provisions for settlement of dispute in this regard seems to be of doubtful validity.	*Vide* remarks against serial No. 322.	
			M. P. Electricity Board, Nagpur		
335.	Do.	Do.	For reasons already stated, appeal on all matters relating to *supply* should be to the State Electricity Boards where so constituted. In keeping with this, this clause has to be redrafted. PROPOSED TEXT: C.W.P.C's draft with the following change in the last sentence— ".....the matter shall be referred to the State Electricity Board where constituted or to the State Government where engaged in the business of Electricity Supply and in absence of either to an Electrical Inspector and be decided. Provided that before either a licensee or a consumer applies to the State Government, State Electricity Board or to the Electrical Inspector as the case may be, he shall give to the other party not less than fifteen days notice of his intention so to do.	Do. No. 315.	

1	2	3	4	5	6
				The Secy. to Govt. of Andhra, P.W. & Transport Depat. Kurnool.	
336	..	Cl. VI. (3)	Please see serial No. 333	Disputes relating to the position of meter board and service lines cannot be disposed of in a fair manner without site inspection. As the Electric Inspector will be far away from the consumer's premises, it may prove a very costly affairs to refer to him the disputes mentioned above. It will be better if the consumer accepts the licensee's views in such matters. In this view it may not be necessary to give the Electrical Inspector power to decide disputes relating to the position of meter boards and service lines.	It would not be advisable to entrust the settlement of a dispute to one of the parties to the dispute. This suggestion may not be accepted.
				Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.	
337	..	Cl. VII.	Further provisions as to laying of service lines. The licensee shall, before commencing to lay down or place a service-line, in any street in which a distributing main has not already been laid down or placed, serve upon the local authority (if any) and upon the owner or occupier of all premises abutting on so much of the street as lies between the points of origin and termination of the service-line so to be laid down or placed, twenty-one day's notice stating that the licensee intends to lay down or place a service-line, and intimating that, if within the said period the local authority or any five or more of such owners or occupiers require, in accordance with the	In line 14, substitute "any five" by "any one".	If the licensee is required to lay down a distributing main for one person, he cannot require the prospective consumer to give a guarantee on account of the cost incurred by him thereon. This would be unfair to the licensee. This suggestion may not be accepted.

			provisions of the license, that a supply shall be given for any public lamps or to their premises, as the case may be, the necessary distributing main will be laid down or placed by the licensee at the same time as the service-line.		
				The F. E. U. of India, Bombay	
338.	64	Cl. VIII (1)	Supply for public lamps—(1) Where after distributing mains have been laid down under th provisions of Clause IV or Clause V and the Supply of energy through those mains or any of them has commenced a requisition is made by the * State Government or by a local authority requiring the licensee to supply for a period of not less than **five* years energy for any public lamps within the area of supply the licensee shall supply, and save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply, energy for such lamps in such quantities as the *State Governrment or the local authority, as the case may be, may require.	The period of 7 years is not too long.	The seven years' period may be retained. This will be in line with clause V (1)(b).
				Under Secy. to the Govt. of Orissa, Works Deptt., Bhubaneswar.	
339.	Do.	Do.	Do.	The State Govt. or local Authority in charge of public lights should guarantee a return not exceeding 15% on Capital expenditure for 2 years in addition to taking supply for a period not less than 5 years. It is better to clarify this under sub-clause (1) in spite of the provision of sub-clause (2).	Under clause V(1)(b), the public lighting authority is not required to give a guarantee of minimum gross revenue in view of the long period of the agreement. This suggestion may not be accepted.

1	2	3	4	5	6
				The Secy. to Govt. of Andhra, P. W. & Transport Deptt., Kurnool.	
340	64	Cl. VIII (1) .	Please see serial No. 338 . .	It is not clear why the period of seven years for the agreement for street lighting supply is considered too long. The licensee has to lay down street light control wires all over the area. In some cases, the licensee has to purchase and hire out all the street light fittings. It is therefore, advisable to give to the licensee the power to insist on a long term agreement. In the circumstances, the period of the first agreement may be seven years. It may, however, be provided that the period of renewal agreement should not be over 3 years.	*Vide* remarks against serial No. 338. It is not necessary to provide for the period in respect of the renewal of the agreement, since the licensee has already been given the required return due to him during the first period of 7 years. The subsequent renewal period may be left to the mutual agreement of the parties concerned. This suggestion may not be accepted.
				The Secy. to Govt. of Madras, P.W.D., Madras.	
340A		Do.	Do.	The proposed amendment is agreed to, subject to its being suitably modified to provide for the following. (*i*) There does not seem to be any need to reduce the period of the first agreement from seven to five years. Such long term agreement would appear to be necessary in certain cases, *e.g.* where the licensee purchases and hires out all the street light fittings. (*ii*) The licensee should provide group control wires in mains where the local authority agrees to take supply for street lighting.	*Viae* remarks against serial Nos. 338 and 343A.
				The F. E. U. of India, Bombay & Bengal Chamber of C. & I., Calcutta.	
341	65	Cl. VIII (3) New	*If so required by the State-Government or the local authority as the case may be, a licensee shall place on his supports the mains and other equipments for public lamps where the State Government or the local authority has complied with the provisions of sub-clauses* (1) *and* (2) *above, and in the event of*	This matter can be best left to negotiation, and provision for arbitration does not appear to be called for. This clause should be re-worded something as follows :— "Where the State Government or the local authority as the case may be complied with the provisions of sub-clauses (1) and (2) above the licensee shall not unreasonably refuse his consent the placing on his existing supports of the mains and other equipments for	The draft proposed by the Board appears to be in order, and may be retained. It is however suggested that the words "and maintained" may be inserted between the words "placed" and "on" occurring in line 3 of the draft clause.

			a dispute in this respect, the matter shall be referred to arbitration by either party.	public lamps, if so, requested, to be installed and maintained by the licensee at the cost of the State Government or the local authority as the case may be." This would appear to express the intention of the Board as set forth in their remarks. *The Secy. to the Govt. of West Bengal, C. & I. Deptt., Mines & Power Branch.*	
342		Do.	Do.	This Govt. consider that this clause should be suitably redrafted in order to give the licensee the right of refusal under the circumstances mentioned below :— (*a*) when maintenance of street-lighting is not entrusted to the licensee ; (*b*) where street lighting mains interfere with the licensees' own works. *The Secy. to Govt. of Andhra, P. W. & Transport Deptt., Kurnool.*	The objections are met by the provision regarding arbitration. This suggestion may be not accepted.
343		Do.	Do.	The question of placing local authorities. mains on licensee's poles in not a simple matter and involves in lot of complications in the matter of the maintenance of those mains. It would therefore, appear better to insist on the licencees to lay his own street light control wires in all cases and to include the charges for the same in the rates for street lighting. If, however, it is co nsidered necessary to make a proviso for local authorities fixing street lighting fixtures on licensees' poles it may be subject to compliance by the local authority of the conditions for working on licensees poles for safe operation and maintenance of the fittings, as approved by the StateGovt. *The Secy. to Govt. of Madras, P. W. D., Madras.*	*Vide* remarks against serial No. 341.
343A		Do.	Do.	The proposed new sub-clause is agreed to, subject to the following suggestions :— (1) It would be far better and fairer to insist on the licensee running his own street light control wires in all cases and to include the charges for the same in his rates for street lighting.	Under the provisions of clause VI (1), the licensee is required to provide the service line free of cost to the consumer and such service line will include the control wire. The proposal is, therefore already covered.

1	2	3	4	5	6
				(2) Provision should be added that the fixing of local authorities' fitting on licensees' poles is subject to compliance by the local authority of the conditions for working on licensees' poles for safe operation and maintenance of the fittings, as approved by the Govt.	(2) Regarding maintenance *vide* remarks against serial No. 341.
			SUPPLY BY BULK-LICENSEES	*Shri T. S. Rao, Chief Engineer, B.E.S. & T. undertaking, Bombay.*	
344.	..	Cl. IX(1)(*a*) .	Special provisions applying to supply by bulk-licensees. (1) Where and, in so far as, the licensee (hereinafter in this clause referred to as "the bulk licensee") is authorized by his licensee to supply energy to other licensees for distribution by them (hereinafter in this clause referred to as "distributing licensees") the following provisions shall apply, namely :— (*a*) any distributing licensees within the bulk-licensee's area of supply may make a requisition on the bulk-licensee, requiring him to give a supply of energy and specifying the point, and the maximum rate per unit of time, at which supply is required, and the date upon which the supply is to commence, such date being fixed after the date of receipt of the requisition so	*Lines* 5 :After the word "point", add "or points" After the words "unit of time", add "at each point". *Line* 7 :—After the word "commence", add "at each point". *Line* 10 : After the word "reasonable", add "but not exceeding a maximum period of 12 months". *Lines* 12: After the word at the end "required", add a new sentence—"In case of a longer period being required by the bulk licensee, the matter shall be referred to the Electrical Inspector, whose decision shall be binding" There have been cases where the bulk licensee has insisted upon the distributing licensee in taking all his requirements at a single point, usually at the bulk licensee's main receiving stations, and at his distributing voltage of 22 or 33 KV., necessitating the distributing licensee to run at his own cost sub-transmission mains and installing transforming equipments at suitable load centres to feed the various distributing points to permit economical distribution involving considerable cost which the distribution licensee cannot afford. A further disadvantage of this arrangement is that the distributing licensee has to bear the transmission and transformation losses.	The suggestion is intended to entitle the distributing licensee to require bulk licensee to give supply to him at more than one point to suit his convenience. The provision will be one-sided and, therefore, undesirable. In practice, the existing provision has not created any difficulties. This suggestion may not be accepted.

			as to allow an interval that is reasonable with regard to the locality and to the length of the electric supply line and the amount of the plant required ;		
			(*b*) * * * * *	On the other hand, there have been also cases of smaller distributing licensees having only a small demand being provided with multiple points of supply. In the interests of the healthy development of electric supply, it is considered that the bulk supply licensee should not refuse to give supply to a distributing li-licensee at more than one point, nor should he be allowed to wilfully delay the giving of supply beyond twelve months subject only to generating and main transmission line capacity being available.)	
			Special provisions applying to supply by bulk licensees :—	*The F. E. U. of India, Bombay.*	
			* * * *		
345.	66	CI. IX (1) (*b*)	(*b*) Such distributing licensee shall, if required by the bulk licensee so to do, enter into a written agreement to receive and pay for a supply of energy for a period of not less than* *five* years of such an amou nt that the payment to be made for the same at the rate of charge for the time being charged for such supply shall not be less than such an amount as will produce a *return not exceeding 15 per centum per annum* to the bulk licensee on the outlay (excluding expenditure on generating plant then existing and any electric supply line then laid down or placed) incurred by him in making provision for such supply.	Consequent to the amendment suggested by the Federation to proposed Clauses V & VI above, the return here should be upgraded from 15 per centum to 20 per centum.	*Vide* remarks against serial No. 317.

1	2	3	4	5	6
				Shri T. S. Rao, Chief Engineer, BES&T, undertaking, Bombay	
346	66	CI IX (1) (*b*)	Please see Serial No. 345	*Lines* 1 & 2. There have been cases where a bulk licensee has refused or hindered the execution of a written agreement and afforded supply under no agreement. It is suggested that all supply from bulk licensee to distributing licensee should always be covered by a written agreement between the parties. *Delete* the words "if required by the bulk licensee so to do".	A bulk licensee like any other licensee, will frame standard conditions of supply for the purpose, and as long as the supply is given to the distributing licensee on conditions of supply as sanctioned by the State Government, the question of execution of a special agreement would not appear to be very material. The provisions in clauses, V, VI, VIII in respect of execution of agreements or contracts are on similar lines where also the option to require the consumer to execute an agreement or guarantee payments, etc., is vested in the licensee. This suggestion may not be accepted.
				The Secy. to Govt. of U. P. Power (B) Dept., Lucknow.	
347	Do.	Do.	Do.	The remarks against item 61 above hold good in respect of this amendment also.	*Vide* remarks against serial No. 327.
				The Secy. to the Govt. of Bihar, Electricity Deptt., Ranchi	
348	Do.	Do.	Do.	Here again the words "not exceeding 15% per annum" should be replaced by "not less than 15% per annum."	Do. No. 329.
				The Secy. to Govt. of Andhra PW & Transport Deptt., Kurnool.	
349	Do.	Do.	Do.	The reason given for the proposed amendment is that it is intended to enable the parties to alter the rates if considered desirable after the expiry of the period of five years instead of seven years. But under the E(S) Act, 1948 the licensee has the right to alter his rates of supply at any time. The proposed amendment does not seem to be necessary.	The bulk licensee is entitled to an annual gross revenue of 15% on the expenditure incurred by him in making a provision for supply. This amount is fixed and does not alter with the variation in the rates of supply. The amendment has been made with a view to define the existing term "reasonable return". The amendment is, therefore, necessary. This suggestion may not be accepted.
				The Secy. to Govt. of Madras, P.W.D. Madras.	
349A	Do.	Do.	Do.	This Govt. consider that there is no need for the proposed amendment in view of the provisions in section 57 of the E. (S) Act, 1948.	Do.

350	66	CI IX(1) (c)	(i) Please see serial No. 344 (c) the maximum rate per unit of time at which a distributing licensee shall be entitled to be supplied with energy shall not exceed what is necessary for the purposes for which the supply is required by him, and need not be increased except upon a fresh requisition made in accordance with the foregoing provisions. (d) * * *	*Shri T. S. Rao, C.E., BES&T undertaking, Bombay.* In line 3, delete the rest of the sentence after " energy " and substitute by : " at each point of supply shall be specified in the agreement and any increase at each point required by the distributing licensee shall be complied with by the bulk licensee in accordance with the foregoing provisions ". *After* (1)(c) add the following sub-clauses(*d*), (*e*), (*f*) (*g*) and (*h*) and renumber the existing sub-clause (*d*) as (*i*)— (*d*) The charges for the maximum rate per unit of time shall be based upon the coincident maximum demand on all the different points of supply, the maximum demand at each point of supply being based at 30 minutes integrated intervals. (It is suggested that when more than one point of supply is afforded, the maximum demand charges should be based upon the algebric sum and not upon the arithmetical sum of the invididual maximum demand at each point of supply. Further, it is desirable to standardise the integrated intervals of maximum demand at 30 minutes and not at 15 or 20 minutes, as is being done by some undertakings.) (*e*) The bulk supply licensee shall install the set-up or step-down transformers, switchgear and other substation equipments at his own cost, which shall not be included for the purpose of the reasonable return referred to in C.I. IX. (1) (*b*). (It is considered desirable to exclude the step-up or step-down transformers and switchgear and other subsation equipments, as this would be a heavy burden on the small distributing licensees).	As stated in remarks against serial No. 344, it would not be advisable to entitle the distributing licensee to require the bulk licensee to supply at more than one point. If the bulk licensee and the distributing licensee agree to give and take supply at more than one point, they will have to lay down the formula for computation of maximum demand for the purpose of levy of demand charges by mutual agreement. In accordance with the definition of "maximum demand" laid down in section 2(8) of the Electricity (Supply) Act, 1948, the maximum demand is to be based on intervals of 30 minutes. However, as a number of licensees in this country have installed maximum demand indicators based on 15 and 20 minute intervals it is proposed to make suitable amendments to the above act whereby the licensees will be permitted to base the maximum demands on intervals other than thirty minute intervals subject to the approval of the State Government. The suggestion to make a provision whereby the maximum demands will be based on 30 minute intervals only may not be accepted. The proposal to exclude the cost of step-up and step-down transformers, switchgear, etc., installed by the bulk supply licensee for rendering supply to the distributing licensee for the purpose of computation of the minimum guarantee revenue may not be accepted in equity to the bulk licensee. The proposal to provide for installation of check-meters by the distributing licensee, etc., could appropriately be made in the agreements and the conditions of supply.

1	2	3	4	5	6
				(*f*) The bulk licensee shall install necessary metering equipment to control and meter the supply at each point. The distributing licensee may, however, install at his portion check meters at each point of supply at his own cost. The method of measurement of demeand and energy for the purpose of billing in such cases shall be mutually agreed upon and embodied in the agreement between the bulk licensee and the distributing licensee.	The provisions suggested under (*f*), (*g*) and (*h*) could also appropriately be made in the conditions of supply to the bulk licensee.
				(*g*) The tariff will be subject to negotiations between the bulk licensee and the distributing licensee and will be subject to revision every five years. The tariff may have a fuel adjustment clause when supply is effeced by thermal generation.	(The period of 5 years referred to in line 4 of Cl. IX. (1) (*b*) actually implied the minimum period of agreement to be entered into initially, and does not refer to the revision of the rates at intervals of 5 years. Provision for this has been made under Cl. IX. (1) (*g*).
				(*h*) The bulk licensee shall not afford a direct supply of electrical energy to any consumer within the area of supply of the distributing licensee, except with the written consent of the latter, and the approval of the Government.	(This provision is considered necessary to meet cases where the distributing licensee himself is unable to afford economically a supply to a large consumer within his area, while it may be possible for a bulk licensee to give such supply by tapping from the E.H.T. line running in the vicinity of the consumer. Such supplies should only be afforded by the bulk licensee with the consent of the distributing licensee and the approval of the Government).
			Special provisions applying to supply by bulk-licensees—		
351	..	Cl.IX(2)	(1) * * * *		

			(2) Notwithstanding anything in sub-clause (1), the bulk-licensee shall give a supply of energy to any distributing licensee within his area of supply applying therefor, even although the distributing-licensee desires to be supplied with only a portion of the energy required for distribution by him : Provided that the distributing-licensee shall, if so required by the bulk-licensee, enter into an agreement to take such energy upon special terms (including a minimum annual sum to be paid to the bulk-licensee) to be determined, if necessary, by arbitration in the manner laid down in sub-clause (1) (*d*).)	In line 2, under the proviso, delete "If so required by the bulk licensee". (Please see comments under Cl.IX(1)(b).) In line 6 of the proviso, after "if necessary", add "by the Electrical Inspector of".	*Vide* remarks against serial No. 346. No difficulty has been experienced so far in the operation of this provision. The proposal to require the Electrical Inspector to arbitrate in such matters is not considered desirable.
352	..	Cl.IX (3)	The maximum price fixed by a licensee for energy supplied to a distributing licensee shall not apply to any partial supply given under sub-clause (2).	In line 1, substitute the words "the maximum price fixed by a licensee" by " the price charged by the bulk licensee". *Shri K.V. Karantha, M.A., M.I.E., Chief Electrical Inspector, to Govt. of Madras.* (*Suggestions made in the "Commerce" dt.* 26/6/54.)	With the enactment of the Electricity (Supply) Act, the provision relating to maxima prices is no longer operative as the licensee is entitled to charge suitable rates both in respect of full supplies or partial supplies. It would, therefore, appear advisable to delete clause IX(3). Shri Karantha contends that :—
353	..	Clauses X to XII relating to Charges.—General.	..	We have now two Acts governing electricity supply, the I.E. Act, 1910, which is proposed to be revised, and the E. (S). Act, 1948, which is proposed to amend in some ways. Some mix up seems to have occurred in the scope and functions of these Acts which it is advisable to clear up during the present revisions. The I.E. Act was enacted at a time when it was not considered likely that the State Govts. would themselves take up large-scale electricity supply to the public. So, this Act was essentially meant to control the other types of suppliers of energy primarily for enabling large-scale electricity generation and supply by Governmental agencies in the form of State Electricity Boards. The main	(*a*) there is a mix up in the two electricity Acts in respect of the provisions to relating to the control over the financial operations of the licensee and should be cleared up by shifting the provisions of the Sixth Schedule of the Electricity (Supply) Act, 1948 to the Indian Electricity Act, 1910 which is the appropriate place ; (*b*) a provision relating to the maxima rates for electricity supply should continue to be incorporated in the new licences ;

1	2	3	4	5	6
				purpose of this Act is to prescribe the organisation necessary for such work, to specify its functions and responsibilities and to provide for powers to raise the necessary finance and to permit the control of licensees' power houses and transmission lines where required for grid purposes, etc. We may, however, find one major departure in the objective of the E.(S). Act, where it also attempts to regulate the electricity supply rates of licensees. The provisions under reference are sections 57 and 58 and the Sixth and Seventh Schedules to the Act. It may be argued that in addition to providing for generation and bulk supply of electricity to licensees by the State Boards, it is also very pertinent to provide for this grid electricity being resold by licensees without undue profits and, therefore, the provisions relating to limits of profits to be earned by licensees, the appointment of rating committee to revise the rates of licensees, etc., are all very relevant to the E. (S). Act. The control of licensees' electricity supply rates is however, a matter of public importance, having a much broader application than resale of electrcity purchased by licensees from S.E. Boards. The need for the control of licensees' electricity rates is there irrespective of whether a licensee generates his own electricity or buys it in bulk from another licensee or buys it from an Electricity Board. That means that such control provisions should go into that Act which essentially concerns itself with all licensees and the main objective of which is to control the working of licensees. That being the function of the I.E. Act, it should be the one to contain the provisions that should control licensees' accounts and profits and to provide for appointing rating committees, etc. The Best Proof. The best proof of the mix up that has occured in the E.(S) Act in this regard is the fact that the financial returns of licensees required for checking the profits being made by them under the Sixth Sehedule to that Act are required to be submitted under the I.E. Rules, framed under the I.E. Act. It is not also as if, in	(*c*) permanent rating committee should be constituted in each state to scrutinise all proposals for increase in the rates of supply, to hold enquiries and to enforce reduction in rates, whenever necessary ; (*d*) the licensee should be prevented from revising his rates more than once a year; (*e*) the licensee should not be allowed to treat the interest paid by him on borrowings as an item of revenue expenditure under paragraph XVII (2) (*b*) (*xi*) of the Sixth Schedule to the Electricity (Supply) Act, 1948 ; (*f*) the licensee should not be allowed reasonable return on the security deposits of the consumers ; (*g*) the standard rate of reasonable return as specified in the Electricity (Supply) Act should be incresed from 5% to 6%. (*h*) the licensee should give immediate refund of excess of clear profits over the amount of reasonable return to the consumers ; (*i*) the powers of the licensee to alter the rate structure should be withdrawn and certain standard tariff structures for all licensees in the State sould be framed ; (*j*) the powers of the licensee to vary the miscellaneous charges should be withdrawn ;

the old I.E. Act itself, this essential aspect of its function had been overlooked. In it also, there is provision for the control of profits which was meant to be done by the fixation of maximum rates in licences with provisions for revision of these rates by advisory boards to be appointed by the State Govts. under its section 35. But the process of control of rates and profits had not been clearly understood when framing the I.E. Act and hence, these provisions were not found to be sufficiently satisfactory. But the remedy could well have been the revision of the I.E. Act in this regard rather than a mix up as has occured now in E. (S) Act.

Since, therefore, the general terms of control of licensees' rate is more pertinent to the I.E. Act than to the E.(S). Act, the sections in the E(S). Act pertaining to these controls may now be shifted to the new draft and also got deleted from the E.(S). Act. The occasion should also be availed, of to remove the various defects in the existing provisions of the E.(S). Act, which have come to light as a result of the practical working so far of its section 57 and the Sixth Schedule. The defects needing rectification are many and somewhat controversial. The most important ones are dealt with here.

It has been held that the specifying of maximum rates in licensees (Schedule Clause XI of the I.E. Act) would now be inoperative, in view of the provisions in clause 1 of the Sixth Schedule to the E.(S). Act. But it seems to be wrong to have no maximum rates in new licenses. It would be very pertinent to have such maximum rates in the drafts of new licenses advertised for the purpose of calling objections since the public and the local authorities who have to give their support or voice their objections attach a lot of importance to the rates they are likely to be charged when the licence is issued. They would like to have an idea of how these rates compare with the rates existing elsewhere, or where there are rival applicants, whose rates are likely to be more beneficial to them.

Then again, it is not as if there are going to be no maximum rates at all in future. After a licensee has worked for some time and a stage has come when his rates are to be scrutinised by a rating committee appointed under the E. (S). Act, there will be certain maximum rates fixed by this rating committee, which will have to prevail thereafter until they are again

(*k*) the licensee should be obliged to maintain public lighting if so required by the public lighting authorities.

The remarks on the above are as under :

(*a*) The objectives of the two Acts as would be seen from the preamble to the Acts are different. The 1910 Act relates to supply and use of electrical energy and the 1948 Act provides for rationalisation and the production of supply of electricity. In other words the Indian Electricity Act, 1910 provide for the grant of licenses, regulations of the relations between the consumers and the suppliers of energy, safety of life and property etc. The Electricity (Supply) Act, 1948 on the other hand, provides for the control over the financial, technical and development policies, of the licensees as well as State Electricity Boards with a view to ensure rationalisation and coordination.

The Sixth Schedule is therefore, in its appropriate place as it is primarily the Boards constituted under the Electricity (Supply) Act, 1948 which are to control the financial, developmental and operational, policies of the licensees.

No doubt, there is a certain amount of overlapping and duplication in some of the provisions of the two Acts but to say that there is a mix up would not be correct. It would be desirable to have an omni-bus legislation

1	2	3	4	5	6
				modified by another rating committee. What is, therefore, good enough for a later stage of the licensee's working cannot be bad for the earlier period also. Therefore, when a licensee starts supply, it should again be made statutorily possible for certain maximum rates to prevail, until these rates are revised by a rating committee, whereafter the revised rates should hold the field, till again revised by a later rating committee, etc. It is but fair that a licensee's right to earn a fair return on his investment should be subject to his operating in an efficient manner and showing due economy of operation. But clause I of the Sixth Schedule to the E.(S). Act which now gives the licensee the power to push up his rates, whenever he so chooses to do does not specifically stipulate anything about his having to be efficient and economical, as condition to his increasing the rates. There have been some glaring examples of rates being pushed up, along with a disproportionate increase in expenses. Efficiency and economy of operation of licensees are expected to be enforced by suitable amendments to section 46 of the E.(S) Act, the enforcing authority being the S.E. Board. But the arrangement again, would not seem to be suitable. The S. E. Board is itself a licensee. It can hardly afford to get involved in details and controversies and lenghty correspondence with licensees about various points of efficiency, particularly on the administrative side. Then again where a state Board does not find a licensee complying with its instructions to economise or improve efficiency, the remedy provided in the E.(S). Act, is for taking the matter to a court of law. The court would, however, not be the most suitable agency for a speedy and thorough investigation of the licensees economy and efficiency of operation, the work being such as is best dealt with by persons well experienced in this field. The present provisions in the E.(S) Act have resulted in licensees modifying their rate as they consider best	on electricity to eliminate the duplications etc. The Govt. of India, however, desired that the two Acts may be amended wherever necessary. (*b*) The provision of the maxima rates even for a year would be repugnant to the provisions of section 57 and the Sixth Schedule to the Electricity (Supply) Act, 1948. (*c*) Under section 57 of the Electricity (Supply) Act, 1948 the Board or the State Govt. as the case may be is charged with the responsibility for ensuring compliance by the licensee with the provisions of the Sixth Schedule. The rating committee is to be constituted only when the licensee fails to comply with the provisions for the Sixth Schedule or when the licensee requests for such rating committee. While in some States the work of the rating committee may be adequate enough to require the appointment of a rating committee on permanent basis, the need for appointment of rating committee in other States may be limited. It is, therefore, for the State Government or the State Electricity Board, as the case may be, to decide whether a permanent rating committee should be constituted or not. There is no specific provision debarring the appointment of a permanenl rating committee. (*d*) The text of paragraph I of the Sixth Schedule to the Electricity (Supply) Act, 1948, would indicate that it is not possible for the licensee to revise his rates more than once a year as it would be difficult for him to know whether the operations during the currency of the year would

acting, as their own judges in regard to the economy of their own operations. The present provisions also make it possible for them to keep back investigations by a rating committee by merely not exceeding the permitted net income even when the gross income goes upsubstantially, by merely increasing their expenditure. Such powers to be their own judges seem to be altogether a wrong approach to the solution of public utiltiy control. The only proper remedy seems to be to have provisions whereby impartial and competent rating committees are empowered to scrutinise all proposals for increase in rates or to hold enquiries and to compel reduction in rates whenever their enquiries show it to be necessary.

The work is best done by a permanent rating committee for each State, available at all time for doing this work and competent for this work by continuous application to the same. Provision should, of course, be made for appeals to the State Govts. where a licensee is dissatisfied with the decision of a rating committee. Such rating committees are found to be a most essential part of the rate regulatory system in the land of outstanding private enterprise, namely, the United States. If the powerful licensees there have accepted as quite fair such an arrangement, our licensees may also consider it as both good and fair for our work here. The system is found to work in an efficient and business-like manner in the United States and had been in existence for a long time and is, therefore, a well-tried and dependable arrangement, unlike our attempt at financial control in the Sixth Schedule by a novel procedure of leaving it to licensees, a procedure which is now found to be very unsuitable.

Limits to Revision of Rates.

There is no restriction on licensees now from revising their rates, even more often than once a year, and some licensees have actually done so. Except under exceptional circumstances, there should, however, be no difficulty for any licensee to prepare proper revenue forecasts for a whole year and decide once for all in the year what alterations in rates are necessary to enable him to earn a reasonable return and no more. This should be done sufficiently early in the year so result in deficit which would require revision of the rates during that year.

(*e*) There is lacuna which has crept in, in the final stage of the drafting of the Electricity (Supply), Act in respect of the treatment of interest charges on borrowing as item of expenditure under para. XVII (2) (*b*) (*xi*) of the Sixth Schedule to the Act. The amendment to treat the borrowing on the same footing as the share capital is being proposed under the Electricity (Supply) Amendment Bill.

(*f*) The amendment to deduct the amount of security deposit from the capital base for the purpose of arriving at the reasonable retrun has already been proposed under the Electricity (Supply) Amendment Bill.

(*g*) The question of increase in the standard rate of reasonable return is already under the consideraion of the Ministry of Irrigation & Power.

(*h*) It is not always practicable for the licensee to refund the excess of clear profits over the amount of reasonable return immediately. Sometimes this amount may be very small. The existing provision whereby the State Govt. is empowered to decide whether the refund should be given immediately or postponed is considered appropriate.

(*i*) Section 23 and clause X of the Schedule to the 1910 Act would indicate that the licensee is not empowered to vary the rate structure (methods of charging) without the consent of the consumer. It is rather premature at this stage for the State Government or the State Electricity Boards to frame a standard tariff

1	2	3	4	5	6
		Cl. X to XII (*contd.*)		that steep changes in rates are avoided. Revising the rates more than once a year, due to incorrect estimates, results in needlessly upsetting the budgets of the consumers and should not be tolerated. Where licensees are now not earning a reasonable return and so have to increase their rates, there is also now scope for increasing some rates only and not others. Where some licensees have actually revised their rates in this manner, it has given room to a lot of discontent amongst the class of consumers whose rates alone were increased. If the standard tariffs structure is properly drawn up, there would be no need to alter some rates only, while if it is an improperly drawn up one, such a structure would not be justifiable. So provision may be made for all revisions in rates being in the form of a uniform percentage of increase or decrease on a standard tariff structure approved for each licensee. *Calculation of Fare Return.* Some glaring defects which are now operating against the interest of consumers have come to light in the working out of the "reasonable returns" of licensees. The Sixth Schedule of the E.(S.) Act, prescribes what is called a standard rate of return for working out the "reasonable return" the licensees are permitted to earn. Obviously, such a "standatd rate" could only have application to moneys which the licensee has himself put in for his working. If he has put in some loan money also, either he should be permitted to earn the "standard rate of return" on this loan amount also and the licensee compelled to meet the interest charges out of such return, or he must meet the interest charges as an item of permissible expenditure, and not claim an additional return on the loan amount for himself. It obviously has to be one way or the other, but not bothways. What however, is now happening is the reverse. The interest charges are being met under permissible revenue expenses and the licensee, in addition, appropriates a "standard rate of return" on the loan amount also for himself.	structures for all the licensees in their States. ( ) There is nothing in either of the two Acts whereby the State Govt. or the State Electricity Board, as the case may be is empowered to fix the miscellaneous cnarges. This is usually fixed by the licensee at reasonabe levels and accepted by the State Govt. and incorporated in the standard conditions of supply. (*k*) The provision to require the licensee to maintain public lighting when so required by the public lighting. authority is being made (*vide* remarks against serial No. 341).

The unfairness is even more glaring when he takes such loans from the consumers themselves by way of security deposits the consumers being then compelled to give him sufficiently high electricity charges to cover the interest on such security deposits and also charges to enable the licensee to get a "standard rate of return" for himself on their own moneys. So, it is no wonder that, in some cases, licensees have pushed up consumers' deposits greatly to improve on the rate of return for themselves in this indirect manner.

Then again, when a licensee overcharges his consumers and thus makes excessive net profits, the Sixth Schedule permits him to keep nearly 50 per cent. of such excess in a tariff and dividends control reserve. This reserve is meant to be drawn upon by the licensee when his profits are low, but otherwise it does not belong to him. In practice, more often it becomes practicable to plough it back into his business and earn a "standard rate of return" for his own appropriation, as if the fund had come out of his moneys and not from the consumers themselves by their being overcharged.

There is going on an agitation by licensees for a suitable increase in the standard rate of return from 5 per cent. specified in the Sixth Schedule to 6 per cent. The 5 per cent. rate now contained in the Act was prescribed at a time when money conditions were certainly easier and the present stringent money conditions were not visualised. It would, therefore, be but fair to increase the standard rate appropriately. That could be done, but the rest of the process of calculation of the reasonable return should be free from the very serious defects pointed out above. The new draft should take care of this.

Collections from consumers.

While the present times necessitate licensees being allowed a higher standard rate of reasonable return than the 5 per cent. limit now contained in the Supply Act, licensees should be prevented from putting consumers to any avoidable loss by way of collections in excess. This can be made feasible only by making it statutorily compulsory for licensees to always close their annual accounts with no more net profit than the permissible fair return, such non-surplus position

1	2	3	4	5	6
				being achieved by refunds of all excess collections in the form of rebates to consumers given before closing the annual accounts. If such rebates are not given then, but are proposed to be given later, as now provided in the Electricity Supply Act, the excess collections appear as a taxable profit in the annual accounts and a very substantial portion of it goes off by way of income-tax. So, though it was really no profit, but only collection of undue charges from consumers, the consumers then get back only a fraction of the excess charged, by way of refund. As for any efficiency bonus to licensees when they do exceptionally good work, a system should be worked out which will tax the consumers no more than just what has to be paid to the licensees for this, unlike at present where it costs them very much more.	
				Suppression of Certain Rules.	
				The power now given to licensees in Clause I of the Sixth Schedule to the E. (S.) Act, to vary the rates to enable earning a reasonable return on their investments has been held by some licensees to include power to radically alter the structure of a rate. In one case, a licensee has gone a step further and suppressed one type of rate altogether as a result of which many consumers stopped taking supply. The existing clause X(2) of the Schedule to the I.E. Act, also seems to permit the latter step, prvoided a month's prior notice is given.	
			CIX[to XII (*contd.*)	Unlike in the past, where many licensees generated their own power, what most licensees will be doing in future will be to sell the same grid electricity to all. Very widely varying tariff structures differing in different licensees' areas do not seem to be desirable for the future set-up either in the interest of the grid authorities or of the consumers. Many small licensees have not the competence to frame their own tariff structures suitably. The time seems to have therefore come when, as far as possible, certain standard tariff structures used in the State Board areas or the	

Govt. Electricity Supply areas are followed as models in the areas of the distributing licensees also. To what extent this should be made compulsory and how enforceable are matters to which the new draft of the I.E. Act may well devote some attention.

Miscellaneous charges.

The Sixth Schedule to the E.(S.) Act, provides for a licensee modifying his rates as he likes, to enable him to earn the reasonable return on his capital investments. The section is silent on the powers of the licensees to modify his scale of miscellaneous charges, such as hire of meters, reconnection charges, fuse renewal charges, etc. Some licensees have revised such rates also along with the electricity charges without reference to the State Governments considering it as being within their powers to do so. But in Madras it is being held that these charges cannot be altered without the concurrence of the Govt. The income from these miscellaneous charges is not much and the charges represent the costs of certain services to be rendered by the licensees, which normally do not vary frequently. Frequent revisions in these charges are not, therefore, desirable. It would be, therefore, advisable to place the matter beyond doubt in the revised draft that licensees should not vary their miscellaneous charges without the concurrence of the State Govts.

In the matter of rates for electric supply for street lighting purposes, the old arrangement was to have the same fixed for years together, but Clause I of the Sixth Schedule to the Supply Act gives the licensees now power to revise such rates frequently. Frequent increases in rates would greatly upset the very inelastic budget provisions of local authorities and are better not encouraged in the new draft.

There is one other modification which seems very desirable and yet would appear to be somewhat outside the scope of the I.E. Act. This refers to the work of maintenance of street lights by licensees. Where it is a large urban street lighting system that is involved, the local authority can generally arrange to have its own street lighting staff to maintain the lights and to attend to their repairs. So, where a licensee is

1	2	3	4	5	6
				unwilling to take up such work or his rates for maintenance (apart from rates for supply of energy) are considered high, an alternative course is available and is not difficult to adopt. But as grid supplies spread to rural areas, we come upon small and very often very small panchayat areas where electric street lighting is eagerly welcomed and greatly appreciated. The panchayat boards, however, sometimes require only a few dozen electric street lights and cannot bear the cost of the whole-time competent staff to maintain these lights. There can be no two opinions that for such lights, the best arrangement is to have the licensee do both the supply of energy and also their maintenance. As such it also becomes necessary to ensure that the licensees conditions and charges for the maintenance of the lights are fair and equitable which are best provided for by not making him the sole judge of it. It will, therefore, have to be made statutorily compulsory now for a licensee to maintain all street lights, if the local authority so desires it and the street light maintenance rates and the terms of maintenance to be offered by him should only be those approved by the State Govt. or the Standing Rating Committee of the State or some such competent and impartial organisation. Though the work of maintenance of street lights would be normally beyond the legitimately enforceable work of electric supply licensees, there seems to be no other proper solution.	
353	..	C.1 X to XII (*contd.*)		*Shri K. V. Karantha, C.I.E. to Govt. of Madras.* It and the street light maintenance rates and the terms of maintenance to be offered by him should only be those approved by the State Govt. or the standing Rating Committee of the State or some such competent and impartial organisation. Though the work of maintenance of street lights would be normally beyond the legitimately enforceable work of electric supply licensees, there seems to be no other proper solution.	

			CHARGES	*Shri T. S. Rao. C.E, BES & T. undertaking Bombay.*		
354	..	Cl. X(1) .	(1) Methods of charging—Where the licensee charges by any method approved by the state Government in accordance with section 23, sub-section (3), clause (c), of the Indian Electricity Act, 1910 any consumer who objects to that method may, by not less than one month's notice in writing, require the licensee to charge him, at the licensee's option, either by the actual amount of energy supplied to him or by the electrical quantity contained in the supply, and thereafter the licensee shall not, except with the consent of the consumer, charge him by another method.	In line 8, delete the works "At the licensee's option"	It is possible that a lighting consumer for whom a flat rate has been fixed by the State Government may require a licensee to give him supply on two-part tariff basis. Such a position would be difficult. The suggestion may not be accepted.
355	67	Cl. X(2) .	Methods of charging— * * * * * (2) Before commencing to supply energy through any distributing main the licensee shall give notice, by public advertisement, of the method by which he proposes to charge for energy so supplied; and, where the licensee has given such notice, he shall not be entitled to change that method of charging without giving not less than one month's notice in writing of such change to the State Government, *the State Electricity Board where such a Board has been constituted,* to the local authority (if any), concerned, and to every consumer of energy who is supplied by him from such distributing main.	substitute the sub-clause by the following :— "After commencing the supply of energy, if the licensee desires to alter the tariff, or the method of charge for energy supplied by him, he shall give notice by public advertisement of the tariff and/or method of charging which he proposes and he shall not be entitled to change the tariff or the method of charging, without giving not less than 3 months' notice in writing to the state Government, the State Electricity Board, the local authority and every consumer of energy who is supplied by him." Under clause X(2), add the following proviso :— "Provided that if notwithstanding Clause IX (1) (g) of the schedule, the bulk licensee finds it necessary to revise the tariff with the approval of Government, so as to enable him to secure a reasonable return as per the E. (S.) Act, 1948, he shall give the distributing licensee not less than 6 months prior notice to enable the latter to adjust his rates to his consumers.	There is no provision in the Act which requires the licensee to secure the approval of the State Government to the revision of his rates of supply from time to time. This suggestion may not be accepted. Also vide remarks against serial No. 356.

1	2	3	4	5	6
				(For Clause IX(1) (g) please see under Clause IX(1) (c).	
				Cases have occurred recently where Tatas have given only one or two months' notice on the basis of Clause X (2) of the Schedule in raising their rates to the distributing licensees, which has placed the latter in a difficult position to raise their rates to their consumers suitably without examining the position fully. It is also considered that too frequent revision of rates will be a source of annoyance and dissatisfaction to the consumers.	
356.	67	Cl. X (2)	Please see serial No. 355.	*The Secy. to Govt. of Andhra, P. W. & Transport Deptt., Kurnool.*	
				It may be argued that the notice required under Clause X (2) has to be given only in cases where the method of charging has beenchanged an dthat where the rate alone is modified, no prior notice is necessary. Changes in the methods of charging are very rare, but changes in the rates are common particularly after the E. (S.) Act, 1948, came into force. Provision may, therefore, be made for giving one month's notice even in cases where the rate is proposed to be modified. It may be provided that prior notice in respect of consumers is only for those of the particular class affected by the change in the method of charging and in the rate. It may also be provided that where a licensee has alternative methods of rates of supply for a particular load, the consumer has the option to change over from one type of tariff to another, after giving the licensees one month's notice.	This suggestion may be accepted and a provision made for making the licensee to give one month's notice to his consumers regarding the alteration in the rates of supply. Provision may also be made for a three months' notice by the bulk supply licensees to the distributing licensee before alteration of the rates by the former.
				The Secy. to Govt. of Madras, P.W.D., Madras.	
356A.	Do.	Do.	Do.	The proposed amendment is agreed to subject to the following suggestions :—	(1) *Vide* remarks against serial No. 356.
				(1) Provision should be made for one month's prior notice in cases where the rate also is proposed to be modified.	(2) Notice will only be given by the licensee to the consumers who are affected.

				(2) It would seem sufficient to restrict the notice to consumers of the particular class affected by the change in the tarriff or the method of charging. (3) A new provision may be added to the effect that where a licensee has alternative methods or rates of supply for a particular load, the consumer may be given the option to change over from one type of tariff to another after giving one month's notice to the licensee, the option being exerciseable only once during the period of the agreement until the tariff structure has been changed. *Shri T.S. Rao C.E., B.E.S. and T. undertaking, Bombay.*	(3) Once supply has been taken by the consumer, the option to change the tariff must be vested in the licensee as already provided for.
357.	..	Cl. X Heading	Methods of Charging	Alter the heading to read "Charges in Tariff or Methods of Charging".	In view of the provision proposed against serial No. 356, this suggestion may be accepted.
358.	68	Cl. XI	Maximum Charges.—Repealed.	The Secy. to the Govt. of West Bengal, C. & I. Deptt., Mines & Power Branch. This Govt. is not in favour of repealing Clause XI of the Schedule to the Act, as this is not irreconcilable with the provisions of Clause I of the Sixth Schedule of the E. (S.) Act, 1948 (*vide* comments offered on items Nos. 14 and 35). *The Secy. to Govt. of U.P., Power (B) Deptt., Lucknow.*	*Vide* remarks against serial No. 8.
359	Do.	Do.	Do.	It is proposed to repeal this clause from the schedule altogether. This omission of Clause XI from the schedule to the Act is consequential to the proposed amendment to para. 1 of the VI Schedule to the E. (S.) Act, 1948, according to which a licensee would be entitled to raise or lower his rates for the sale of electricity provided that in so doing the does not, as far as possible, permit his clear profits to exceed the amount of resonable return. The views of the State Govt. on this question have already been communicated to the CWPC in para. 2 of this Govt's. letter No. 1460-EL/XXIII-228-EL/50 dated July 12, 1951 in formal comments of the member of the Central Electricity Board from U. P. Besides this, in connection with para. 1 of the Sixth Schedule to the E. (S.) Act, 1948, the State Govt. would like to invite attention to	Vide remarks against serial No. 8.

1	2	3	4	5	6
				their letter No. 166-EL/XXIII-D-131-EL/1949 dated October 24, 1952, to the Ministry of I. & P., Govt. of India, (copy enclosed) in which it was stated that it would not be in the larger interests of this State to allow the licensees to raise their rates irrespective of the maxima fixed in the licences. The State Govt. are not aware of the conditions in other States and how far the proposed delegation of Clause XI will affect the working of the Electric Supply Undertakings in those States. But in view of the conditions prevailing in this State and of other administrative considerations, this Govt. feel very strongly that the existing provisions of clause XI should stand and maxima rates should be prescribed in each licence which no licensed electric supply undertaking should be permitted to exceed for the sale of energy. Adjustments within the maxima so fixed are allowed even now, but any increase beyond this limit should be subject to some check by an independent authority and should not be left to the discretion of the licensee concerned. It might be argued that as the E. (S.) Act, 1948, limits the amount which a licensee can earn on the capital base, there should be no need for prescribing maximum rates in the licence itself. In this connection, it may be stated that a large number of undertkings in the State lack proper technical and administrative staff. It would, therefore, be inadvisable to vest in them discretionary powers for automatic increase in rates regardless of their capability and dependability. There is a danger of their unduly inflating their operational and management expenses knowing fully well that the increased expenditure will be borne by the consumers without affecting their profits. This would adversely affect the consumers and indirectly retard the expansion of electricity industry in particular and development of the State in general. The State Govt. also feel that when other commercial concerns are not able in all cases to earn profits to the extent envisaged in the E. (S.) Act, 1948, the Electric Supply Undertakings should not be an exception to the rule. Even these undertakings were so far	

unable to earn in all cases a profit to the extent of 5 or 6 1/2 %, and there is no reason why Govt. should secure by law that such a return should accrue to these undertakings now. The State Govt. are, therefore, very strongly opposed to the proposed amendment repealing Clause XI from the Schedule.

Copy of letter No. 166 EL/XXIII-D-131 EL/1949 dt. October 24, 1952 from Shri B.P. Bagchi, I.C.S., Secy. to Govt. of U. P. Public Works (D) Deptt. Lucknow to the Secy. to the Govt. of India, Ministry of I. & P., New Delhi.

INTERPRETATION OF SECTION 57 OF, AND CLAUSE I OF THE SIXTH SCHEDULE TO, THE E. (S.) ACT, 1948.

With reference to Shri H. Khorana's letter No. EL-II-I(76) dated December 4, 1951, I am directed to say that a reference on the above mentioned subject was made by this Govt. to the Govt. of India in letter No. 1016 EL/XXIII-131 EL/1949, dated October 19, 1949, and the Govt. of India were requested to favour this Govt. with their views in the matter as the issue was likely to arise in more than one State. In reply, the Govt. of India informed this Govt. in their lettter No. EL-II-1(33) dated May 5, 1950, that eminent advocates, who were consulted by various State Govts. and the Govt. of India, expressed conflicting opinions on this point, and for the reasons mentioned in that letter, the Govt. of India did not consider it desirable to express any definite views on the subject. This Govt., therefore, examined the question from the practical and administrative point of view as advised by the Govt. of India, and, after taking all factors into considertaion, came to the definite conclusion that it would not be in the interests of this State to allow unfettered discretion to the electric supply undertakings in this State so to adjust their rates as to ensure in all cases a reasonable return in abrogation of provisions of Clause XI of the Schedule to the I.E. Act, 1910. This view had the support of the Law Officers of this Govt. This Govt. accordingly decided to continue to enforce the provisions of Cl. XI of the Schedule to the I.E. Act,

1	2	3	4	5	
				1910, but all facilities were afforded to licensees, who expressed a desire to have their accounts examined by a Rating Committee with a view to increasing their rates. 2. The question was re-examined on receipt of the letter under reply, and this Govt. regret that, in view of the circumstances in this State, it would not be in the larger interests of the State to allow the licensees to raise their rates irrespective of the maxima fixed in their licences. The CWPC already propose to more suitable amendments to the E. (S). Act, 1948, on this point, and further action will be taken by this Govt. if the Parliament approves of these amendments. *The Secy. to Govt. of Andhra, P.W. & Transport Deptt., Kurnool.*	
360.	68	Clause XI	Please see Serial No.358.	If the suggestion in item (9) above to retain the provision of maxima charges under section 3(2) (d) (i), is agreed to, clause XI may remain subject to alteration that the maxima fixed in the licence shall continue till it is replaced by revised maxima rates fixed by a Rating Committee. * *The F.E.U. of India, Bombay.*	*Vide* remarks against Serial No. 8.
361.	69	Cl. XI-A	XI-A. Minimum charges *Where a consumer is not required to pay any other minimums charges under any of the other provisions of this Act for the purpose of supply of energy* a licensee may charge **him* a minimum charge of such amount and determined in such manner as may be specified by his license, and such minimum charge shall be payable notwithstanding that no	The proposal that the State Govt. may fix the minimum charges of a licensee is clearly inconsistent with Section 57 read with Clause I of the Sixth Schedule to the E. (S). Act, 1948, and would therefore, be void.	The Ministry of Law have advised that under the provisions of section 57 of the Electricity (Supply) Act, 1948, a rating committee is competent to go into the question of fixation of minimum charges. According to the existing test, minimum charge is tc be specified in the licence. If the State Govt. makes an order to alter the minimum charge on the recommendation of the rating committee, the licence will have to be altered. To avoid this situation it is suggested that the clause may be amended as under :— "Where a consumer is not required to pay

			energy has been used by the consumer during the period for which such minimum charge is made *upto the amount of the minimum charges at current rates.* *Provided that if at any time after the expiration of three years from the commencement of the licence. The State Government considers that the minima so fixed or approved as aforesaid should be altered, it shall make an order for such alteration as it thinks fit and that order shall have effect from such date as may be mentioned therein.* *Provided also that, where an order in pursuance of the foregoing proviso has been made, no further order altering the minima so fixed shall be made until the expiration of a period of three years.*		any other Minimum charges under any of the other provisions of this Act for the purpose of supply of energy a licensee may charge him a mimimum charge for energey of such amount and determined in such a manner as may be directed by the State Govt. from time to time, and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer the amount of the minimum charge at current rates during the period for which such minimum charge is made."
362.	Do.	Do.	Please see Serial No. 361 .	*Dy. Secy. to the Govt. of Bombay, PWD., Bombay. I* Under Section 57 and 58 of the E. (S). Act 1948 it is not clear whether a Rating Committee can alter the Minimum charges. To ensure that the minimum charges can be altered when considered necessary the advisory Board has proposed amendment to the existing clause XI-A of the Schedule	—Do—

1	2	3	4	5	6
				to the I.E. Act, 1910. In this connection I am directed to invite your attention to comments offered by the Federation of Electricity Undertakings of India in their letter No. FEU/38/691/54 dated the 26th Feb. '54, addressed to the Advisory Board. The Federation has stated that the proposal that the Govt. may fix minimum charges of a licensee is clearly inconsistent with Section 57 read with Clause I of the Sixth Schedule to the E. (S.) Act, 1948 and would therefore, be void. It is requested that the Advisory Board will kindly verify the vires of the proposal. *The Secy. to Govt. of Anhdra, P.W. & Transport Deptt., Kurnool.*	
363.	69	Cl. XI-A .	Please see serial No. 361	The words "upto the amount of the minimum charges at current rates" may be omitted and the words "no energy" occurring earlier may be altered into "no energy or no equivalent energy" *The Secy. to Govt. of Madras, P.W.D., Madras.*	*Vide* remarks against serial No. 361.
363A	Do.	Do.	Do.	The proposed amendment is agreed to subject to the following suggestions :— (*i*) It would be better to give power to the State Govt. to approve the minimum charges for each class of tariff which the licensee may introduce from time to time. If this proposal is accepted, there will be no need for the two provisos proposed under the draft revised clause. (*ii*) The latter part of the main clause may be modified as follows :— "....and such minimum charges shall be payable notwithstanding that no energy has been used by the consumer up to the amount of the minimum charges at the current rates during the period for which such minimum charge is made".	Do.

				The Secy. to Govt. Punjab, P.W.D., Electricity Branch, Chandigarh.	
363B	Do.	Do.	Do.	Principally Punjab Govt. is opposed to the levy of any minima charge excepting where it is provided in the licence of a licensee. Since no fresh licences are to be granted by this Govt. in view of its avowed policy of the progressive nationalisation, the proposed amendment is not likely to affect so far the Punjab Government is concerned.	In view of the policy now adopted, this suggestion may not be accepted.
			Charge for supply for public lamps :—	*Shri T. S. Rao, Chief Engineer, BES & T undertaking, Bombay.*	
364.	70	Cl. XII . .	The price to be charged by the licensee and to be paid to him for energy supplied for the public lamps, *other charges in connection with the same* and the mode in which those charges are to be ascertained, shall be settled by agreement between the licensee and the State Government or the local authority, as the case may be, and, where any difference or dispute arises, the matter shall be determined by arbitration.	Line 3: After 2, after "public lamps", add "and". Line 4 : Substitute the word "same" by "in connection with the hire, lamp renewals and maintenance of street lamps and fittings". } It is desirable to amplify the words. "same" in the Clause to include other charges for lamp renewals, maintenance, etc.	The word "and" may be added after the words "public lamps" in line 3. The suggestion regarding alteration in line 4 may not be accepted.
				Dy. Secy. to the Govt. of Bombay, PWD, Bombay-1.	
365.	Do.	Do.	Do.	As the existing clause appears to limit the arbitration arising out of the difference or dispute as to the price of energy for street lights only, it is proposed by the Advisory Board to amend the clause, so as to enable the disputing parties to refer the points regarding other charges in connection with the street lights, to the arbitration. In this connection I am directed to state that recently a licensee from this State has raised a point that in view of the provisions of Sixth Schedule to the E. (S). Act, 1948, the provisions of Cl. XII of the Schedule to the I.E. Act, 1910 have become inoperative and as such the State Govt. cannot now nominate an arbitrator under Section 52 of the I.E. Act, 1910, to settle the disputes regarding charges	In view of the provisions o section 57 of the Sixth Schedule to the Electricity (Supply) Act, disputes in respect of rates for the sale of electricity cannot be referred to arbitration. The draft may suitably be amended and arbitration restricted to the other charges in connection with the supply of electricity only.

1	2		4	5	6
				for electric supply for municipal street lights. It is also contended that even the Rating Committee cannot decide the disputes regarding charges for supply of electricity for municipal street lights and that these disputes can only be referred to the arbitration of the C.E.A., under the provisions of Cl. XVI of the Sixth Schedule to the E. (S). Act, 1948, I am directed to request that the legal position in the matter may be considered by the Advisory Board.	
				The Secy. to Govt. of Madras, P.W.D., Madras.	
365A.	Do.	Do.	Do.	In the matter of disputes between local authorities and licensees regarding supply for public lamps, it would be better to provide for the matter being referred to the Electrical Inspector or for arbitration instead of for arbitration only.	It is not considered necessary to make any change as suggested. This suggestion may not be accepted.
			Testing and inspection.	*The F.E.U. of India, Bombay.*	
366.	..	Cl. XIII .	Licensee to establish testing stations and keep instruments for testing. The licensee shall establish at his own cost and keep in proper condition such number of testing stations, situated at such places within reasonable distance from any distributing main, as the State Government may direct for the purpose of testing the pressure or periodicity of the supply of energy in the distributing main, and shall supply and keep in proper condition thereat, and on all premises from which he supplies energy, such instruments for testing as an Electrical Inspector may approve, and shall supply energy to each	The Electric Inspector of a State Govt. has called upon a licensee to provide testing instruments of a recording type at each Testing Station on his System, as a permanent measure, and as there are a number of such stations the expenditure involved is considerable. To avoid this without in any way conflicting with the intention of the clause, it is felt that the clause should be revised in such a manner as to confine the obligations of the licensee to the provision of one set of testing instruments, which may be moved from Station to Station as and when required by the Electric Inspector. In any case, there is no necessity to provide at each testing Station arrangements for the testing of frequency, and this information is readily available at the licensee's Power or Receiving Station.	It is not considered advisable to require the licensee to maintain all the necessary testing instruments at all testing stations. The Electrical Inspector has the power under the existing provisions not to require the licensee to provide all testing instruments at all testing stations. This suggestion may not be accepted.

			testing station for the purpose of testing.		
				Shri T.S. Rao, Chief Engineer, BES & T undertaking. Bombay.	
367.	Do.	Do.	Do.	After the heading to read : "Licensee to keep instruments for testing". The clause may be substituted as follows :— (1) "The licensee shall keep at his own cost and in proper condition such number of testing instruments and equipments in his testing department as the State Government may direct for the purpose of testing the pressure, current and energy in distributing main and the meters of consumers." (It is not considered desirable to provide for testing stations and instruments at a number of places in the licensee's area of supply.) (2) "In the case of the generating station, the licensee shall in addition, keep instruments for testing the periodicity of the electric supply". (The provision of instruments for testing the periodicity of electric supply is only necessary in the case of generating stations.) (3) "All instruments and testing equipments shall be approved by the Electrical Inspector and the licensee shall supply energy free of cost for the purpose of any testing by the Electrical Inspector".	The existing draft is in order. This suggestion may not be accepted.
				M. P. Electricity Board, Nagpur.	
368.	Do.	Do.	Do.	Requires no change. Existing Section to be retained.	Do.
			XIV. Facilities for testing—	*M. P. Electricity Board, Nagpur.*	
369.	71	Cl. XIV	The licensee shall afford all facilities for inspection and tes-	Redraft existing Section.	The provision in respect of facilities to be provided by the consumer for testing pur-

1	2	3	4	5	6
			ting of his works and for the reading, testing and inspection of his instruments, *by an Electrical Inspector or other person or persons, duly authorised by him* and may, on each occasion of the testing of his works or the reading, testing or inspection of any instruments, be represented by an agent, who may be present, but shall not interfere with the reading, testing or inspection.	*PROPOSED TEXT* The consumer or licensee as the case may be shall afford all facilities for inspection and testing of his installation or works, and for the reading, testing and inspection of his instruments and may on each such occasion of the testing of his works or the reading, testing or inspection of any instruments be represented by any agent who may be present but shall not interfere with the reading, testing or inspecting :— (*a*) the consumer's installation or works by the licensee for purposes of coordination, protection, and determination of the use of energy by the consumer as not to unduly interfere with supply by the licensee to other consumers ; (*b*) by both the consumers and the licensee where required by the Electrical Inspector or other person or persons duly authorised by him. *Shri T. S. Rao, C. E. BES & T. undertaking, Bombay.*	poses has been made under the Indian Electricity Rules. The provisions in this clause are considered adequate for the purposes of testing of licensee's works. This suggestion may not be accepted.
370.	72	Cl. XV .	Testing of works.— . On the occasion of the testing of any works of the licensee by an Electrical Inspector or *other person or persons duly authorised by him,* reasonable notice thereof shall be given to the licensee; and the testing shall be carried out at such suitable hours as in the opinion of the Electrical Inspector, *or other person or persons duly authorised by him,* will least interfere with the supply of energy by the licensee, and in such manner as the Electrical Inspector *or other person or persons duly authorised by him,* may think fit, but, except under the provisions of an order made in each case in that behalf by the State Government, the Elec-	After the heading to read "Testing of Licensees' works and Consumers' Installations". Clause VX may be numbered as XV (1) and the following alteration made in this clause :— Line 17—Delete the words "have access to or" (the necessity for this is not understood as the licensee has access to all his works.) Lines 19/20—Delete the words "at any points other than those to which the licensee himseldf has access to the same".	*vide* remarks aganinst Serial No. 369.

			trical Inspector *or other person or persons duly authorised by him,* shall not be entitled to have access to or interfere with the works of the licensee at any points other than those at which the licensee himself has access to the same : Provided that, the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by, or required by the Electrical Inspector *or other person or persons duly authorised by him,* for the purpose of any such testing as aforesaid : Provided also that, the testing shall not be made in regard to any particular portion of the works oftener than once in any three months, unless in pursuance of an order made in each case in that behalf by the State Government.		
371.	Do.	Do.	Do.	*M. P Electricity Board, Nagpur.* It is essential that the persons carrying out the tests should give reasonable notice to the other party. The amendments proposed are consequential to the foregoing. PROPOSED TEST : *Re-draft of Cl. XV.* XV. The party carrying out the testing shall, on the occasion of testing give the other party a reasonable notice thereof. The testing shall be carried out at such suitable hours as may be suitably agreed and in the case of testing by the Electrical inspector	This clause provides for the notice by the Electrical Inspector to the licensee before he tests the licensee's works. This suggestion may not be accepted.

1	2	3	4	5	6
				(or other person or persons duly authorised by him) as in his opinion will least interfere with the use of energy by the consumers or the supply of energy by the licensee to the consumers as the case may be and in such manner as is expedient or the Electrical inspector may think fit ; Except on the Orders of Govt. in each case in this behalf, no licensee or the Electrical Inspector in respect of works of either the consumer, or the licensee shall be entiled to have access to or interfere with any points or in a manner other than that at which the licensee himself has access to the same: Provided, the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by or required for the purpose of any such testing as aforesaid ; Provided also, that the testing shall not be made in regard to any particular consumer or by the Electrical Inspector of portion of the works of a licensee oftener than once in six months unless in pursuance of an order in each case in that behalf by the State Govt. (Three months is too short a period for testing; six months is considered a satisfactory period for such testing. In case testing earlier to oftener than this is required State Govt. can be approached.)	
				Shri T. S. Rao, C.E.,BES & T undertaking, Bombay.	
372.	Do.	New Cl. XV (2)		It is suggested that a new Clause XV(2) may be added under Clause XV to provide for testing and inspection of consumers' premises or installations. The provision made under sub-rule 5 of I.E. Rule 49 in its present form does not make it mandatory for the consumers to have their installations tested and maintained efficiently. The mere tendering	*Vide* remarks against serial No. 369.

				of advice by the licensee by affixing a notice placed in the consumers' premises, is of very little practical value. Provision should be made in the Act to ensure the consumers maintaining their installations efficiently by periodical testing, etc. by the Electrical Inspector or other person or persons duly authorised by the State Govt. with provision for recovery of testing charges and penal provisions for enforcing periodical testing of the consumers' installations. A new Clause XV(2) may be added as follows :— "The consumers' installation shall be regularly tested by the Electrical Inspector or other person or persons duly authorised by the State Government at intervals not oftener than once in two years, unless in pursuance of an order made in each case in that behalf by the State Government and the consumer shall afford all such facilities for inspection and testing of his installation to such person or persons and comply with his directions. The consumer shall, in addition, pay such testing fees as may be prescribed by the State Government. Failure to comply with the provisions of this clause will render the consumer liable to the penalty specified under Section 47. *Shri T.S. Rao, Chief Engineer, BES&T undertaking, Bombay.*	
373	Do.	Cl. XVI . .	Plan of area of supply to be made and kept open for inspection.— (1) The licensee shall, after commencing to supply energy forthwith cause a plan to be made of the area of supply, and shall cause to be marked thereon, the alignment and, in the case of underground works, the approximate depth below the surface of all his then existing electric supply-lines, street-distributing boxes and other works, and shall once in every year cause that plan to be duly corrected so as to	In line 1 of sub-clause 2, after the word "plan" add "as may be required". In line 1 of sub-clause 3, after the word "section", add "as may be required". In lines 4/5 of sub-clause 5, substitute the words "free of charge" by "nominal charge". In lines 6/7 of sub-clause 5, after the word "section" add "as may be required".	The existing text is in order and this suggestion may not be accepted.

1	2	3	4	5	6
			show the electric supply-lines, street-distributing boxes and other works for the time being in position. The licensee shall also, if so required by an Electrical Inspector, cause to be made sections showing the approximate level of all his existing underground works other than service-lines. (2) Every such plan shall be drawn to such scale as the State Government may require : Provided that no scale shall be required unless maps of the locality on that scale are for the time being available to the public. (3) Every such section shall be drawn to horizontal and vertical scales which shall be such as the State Government may require. (4) Every plan and section so made or corrected, or a copy thereof, marked with the date when it was so made or corrected, shall be kept by the licensee at his principal office or place of business within the area of supply, and shall at all reasonable times be open to the inspection of all applicants, and copies thereof shall be supplied on such terms and conditions as may be prescribed by rules under the Indian Electricity Act, 1910.		

			(5) The licensee shall, if required by an Electrical Inspector and, where the licensee is not a local authority, by the local authority (if any) concerned, supply free of charge to such Electrical Inspector or local authority a copy of every such plan or section duly corrected so as to agree with the original kept at the principal office or place of business of the licensee.	*Shri T.S. Rao, Chief Engineer, BBS & T undertaking, Bombay.*	
374.	Do.	Cl. XVII .	Notice to Electrical inspector.—On the day next preceding the commencement of any such works as are referred to in section 13 of the Indian Electricity Act, 1910, the licensee shall, in addition to any other notices which he may be required to give, serve upon the Electrical Inspector, or such officer as the State Government may appoint in this behalf for the area of supply, a notice in writing stating that he is about to commence the works, and the nature and position of the same.	In lines 1/2 substitute the words "on the day next preceding the" by "in the case of". In line 9 substitute "a notice" by "not less than 48 hours' notice".	*Vide* remarks against serial No. 373.
				Representation from the consumers of the Malda Electric Supply Co., Ltd., Malda (West Bengal).	
7 .	..	General . .		We the undersigned beg to submit the following with regard to the present I.E. Rules for necessary modification. 1. The I. E. Rules were framed by the British and it was purely the outcome of the British thought to suit their administrative purpose. It, therefore, necessitates a change now. The Electricity Act of 1910 as amended in 1922 was framed to adequate the purpose of the people. But the sudden	The consumers of the Malda Electric Supply Co. Ltd., Malda, West Bengal, have suggested that the Indian Electricity Act, 1910, should be amended with a view to mitigate the troubles experienced by then on account of the following :— (*a*) The system of licensing of electrical contractors and workmen has resulted

1	2	3	4	5	6
				modification and alteration of some of the Rules of the said Act in the year 1937 had put the middle class people to some difficulties. During the British administration the rate per point was Rs. 8/- only, but after the attainment of independence it was increased to Rs. 25/- and that rose upto Rs. 40/-. The introduction of License system and other increment of incidental expenses were no doubt the reasons of such enhancement of rates, which in our humble opinion is very difficult to meet specially in these hard days of economic crisis. The reasons for the amendment of the rules in the Act were also to help the foreign concerns, who failed to compete with the Indian concern. 2. The country has undergone a change in as much as it has gained independence but there has been no corresponding change in the Electricity administration Rules and Laws of the country with the result that the contractors and the Technicians who had been working for a considerable long time and since prior to the attainment of independence are now removed from their respective jobs due to their inability to stand the test of fresh Examinations by the Board. Having received a Certificate from an Engineer if they are allowed to open a Supply Company in such a case why the Contractors and Technicians will not be allowed to work? Now under the circumstances there should not be such rigidity of Rules and the Laws. 3. If the Electric Supply Company finds any defects in the wiring after test the connection is withdrawn and the consumer is liable to pay a fine of Rs. 10/. This practice appears only to put the consumer into difficulties. 4. The Electric Supply Companies who are to supply currents in big towns and cities through high pressure it needs adequate inspection and care, but there is no reason of the rigidity of the application of the Rules where there is the practice of supplying currents in low and medium pressure.	in the increase in the cost of wiring from Rs. 8/- to Rs. 40/- per point wired ; (*b*) The low limit of 15 units per mensem fixed in respect of the exemption from the payment of electricity duty levied by the West Bengal Government at the rate of 6 pies per unit on consumption beyond 15 units ; (*c*) The high rates of supply charged by the Malda Electric Supply Co. when compared to those charged in big cities ; (*d*) Maintenance of inefficient supply by the Company. The rules for grant of licensees to electrical contractors and competency certificates to electrical workmen are made by the State Governments under the powers vested in them by the provisions of Rule 48 of the Indian Electricity Rules, 1937, which is framed by the Central Electricity Board as provided in Section 37 of the Act. The question of the Advisory Board amending the Act for this purpose does not, therefore, arise. The subject matter of taxation on consumption or sale of electricity does not come within the purview of the provisions of the Indian Electricity Act, 1910. Legislation in repspect of consumption and sale of electricity is passed by the State Governments by virtue of the powers vested in them, vide Item No. 53 of the List IX (State List) of the Seventh Schedule to the constitution of India. The Indian Electricity Act, 1910, cannot, therefore, be amended to mitigate the difficulties on this account. Under the provisions of section 57 and the

It will perhaps not be out of place to mention here that in a Muffasil town it is simply impossible for a Contractor to carry on his work after engaging an Engineer which involves a huge establishment cost.

5. The inspecting officers of the License Department who come to the Muffasil towns to inspect fail in their duty to come in contact with the public in general. Why the Mechanical Engineer should not be allowed to undertake the work of wiring of his own house? Why it is not allowed to certify the wiring of a house by an Engineer? Why one Contractor should have one Supervisor and not one Supervisor for two or more contractors ?

6. As regards the imposition of extra duty it appears that six pies is levied per unit over and above the consumption of fifteen units. This rule should also be modified and the rate should be increased to thirty units in consideration of the financial position of the consumers as a whole.

7. In addition to this, the Superintending Engineer, Electric Division be empowered to deal with public complaints. Meter examination and other electrical affairs are entrusted with the Chief Electrical Engineer but they are not available at all times and as such the Factory, Power-house and Overhead lines should be entrusted with Chief Electrical Engineer.

8. The unit charge appears to be highly exorbitant in comparison with big cities and this should be reduced considerably in consideration of the financial situation of the consumers.

9. Lastly we beg to add, that the Licensed Electric Supply Companies have turned to be a monopoly business and needs to be nationalised for the convenience of the consumers and welfare of the nation as a whole. In addition, the slackness on the part of the provincial Inspectors, causes much inconvenience to general public. The lines are never thoroughly inspected and most of the service connections are defective and not according to Government specifications. The Electric Supply Companies therefore, be taken up by the Govt.

Sixth Schedule to the Electricity (Supply) Act, 1948, licensees are entitled to adjust their rates of supply for the sale of electricity so as to earn reasonable return specified therein. As long as the Malda Electric Supply Co. continues to charge rates in accordance with the provisions of the Electricity (Supply) Act, Government cannot interfere. Any amendment to the Indian Electricity Act to deny the licensee the right to earn the reasonable return to which he is entitled under the Electricity (Supply) Act, would nullify the provisions of the Electricity (Supply) Act in this respect.

It is considered that adequate provisions already exist in the Indian Electricity Act, 1910, and the Rules made thereunder and the Electricity (Supply) Act, 1948, to enable the State Government to ensure proper and efficient supply, and reasonable rates being given by the licensees and to safeguard the consumers from the nature of the difficulties alleged to be experienced by the consumers of the Malda Electric Supply Co.

1	2	3	4	5	6
				or steps to be taken to turn them to Limited Concerns with a view to ensure effective service and mitigating the multifarious troubles of the consumers and other interested persons. Sd. Ramhari Roy, M.L.A. & President, D.C.C., Malda and 170 other signatories. *The Chief Electrical Inspector to Govt. of Madras.* REVISION OF THE I. E. ACT.	
376	..	General . .	..	*Introduction.* The existing I. E. Act is not at all a good basis for a redraft. The scope and technique of electric supply work has grown enormously since the Act was drafted in 1910. No longer can we think of electricity being required only for local authority areas, and only "streets" being the places for extensions of supply. Rural areas can no longer be ignored. Rationalisation of electric supply areas is now an accepted basis. All this means that local authorities need no longer have in the I. E. Act the importance which the old Act gives them. No longer can the Act ignore Govt. as a large scale public supplier of electricity. It is not enough if the Act is applicable to Govt. only for purpose of safety precautions affecting life. The rights and privileges of consumers taking electricity from Govt. have also now to come within the scope of the revised draft. The proper method of controlling licensee's rates has now become much better understood than when the existing Act was drawn up and the provisions for the same have, therefore, to be greatly expanded and made more precise. In this respect, even the Supply Act is defective as actual working has amply shown, and the present revision of the I.E. Act gives scope to rectify the defects.	

In the matter of control of licensees, the working of the Act so far has also shown the inadequancy of some of the existing provisions. The only form of major control feasible under the existing Act is the threat of cancellation of licence which is so drastic that it could hardly ever be exercised. The result has been that State Govts. have often felt helpless in compelling licensees to do the needful for the consumers in very many cases. There should be more positive ways to control licensees and to compel them to do the needful.

The existing Act is so peculiarly drafted that a consumer is hardly ever able to get any information he wants from the same. Most of the provisions defining his rights etc. are relegated to an elaborate schedule instead of being contained in the body of the Act. Even in the schedule, some clauses are hopelessly overloaded. A more lucid drafting is essential.

Controversial matters like what is "engaging in the business" of electric supply, what is an adequate return for extension of line to consumers, who is the owner of the service line etc, have all to be resolved and defined on a precise basis now.

I found recently that the Electricity Act of Ceylon was in many respects far better than our I.E. Act as a starting point for revision. So I suggest that it may serve as a better basis for the redraft than the existing Act.

I am adding herewith a note on what I consider as some of the lines along which major modifications are needed in the new draft. These are aspects not properly dealt with or ignored altogether by the Advisory Board. This note is supplemental to my suggestions already made on the Board's recommendations.

EXTENSIONS OF SUPLY LINES TO CONSUPMERS.

The following are defects in the present Act :—

(1) Compulsory works (which are the starting points for extensions) are prescribed only once for all in

1	2	3	4	5	6
376	..	General (*contd.*)	..	the early years of a license and these compulsory works are confined to "streets". Electricty has now to spread to all rural areas also. Expansion in rural areas has to be by stages. In these rural areas people cannot afford to take supply on annual guarantee basis from the far off original compulsory works and nearabout them where only mains have spread. So some poor areas may remain completely neglected. The remedy is to insist on nucleus of compulsory works being put up in these rural areas, by stages. Extensions from such nuclei will then become easy. (2) The terms for revenue gurarantee are now very vague and no applicant for power can guess what it will be. It should be made more specific so that a consumer knows what alone can be demanded of him legitimately for extension of supply. (3) There is no provision for temporary supplies, though such supply is very common. The following remedies are suggested :— *Compulsory Works* :—Provision should be made for the prescribing by the State Government of fresh compulsory works once in every 5 years to the extent of 15% of the works laid till then by the licensee. These works are to be completed within two years thereafter. Where a licensee does not lay these works, Govt. should have power to lay them or to get them laid and to recover the cost from the licensee. *Terms for Extension of lines to serve new Consumers* :—The extensions required could be on the basis of a guaranteed annual return on the capital cost of extension. But where a group of consumers are to be served in a rural area, what guarantee a particular consumer has to pay will depened on, what is for him a matter of chance, namely where the sub-station may get located. It may be near	

or it may be far. Instead of such an indefinite basis which will make it difficult to tell a prospective consumer what exactly it may cost him to get supply, a better basis for such rural loads would be to permit the licensee to prescribe a *flat rate* annual minimum guarantee—so much per KW or H. P. of connected load—with provision for proportionate rebates, where the total of the guarantees from all the prospective consumers for the extension exceeds the 15% or some such prescribed limit. At present the prescribing of such flat rate special annual guarantee does not seem to be quite in order.

What Constitutes Extension:—Where an extension of lines is required for a consumer on an annual guarantee basis there is now scope to interpret that the cost of the extension should include the cost of any strengthening of existing distribution mains cost of any new H. T. lines and substations put up to cater to an L.T. load etc. But that does not seem to be quite fair. So it may be specified that only the cost of L.T. lines specially put up for serving the load should be reckoned for L.T. supplies, and similarly, only the cost of H.T. lines specially laid for H.T. loads should apply.

Long Extensions:—In the matter of specially long extensions required to cater to a consumer who is prepared to pay an annual guarantee which would work out far higher than the flat rate specified earlier for group rural loads, it is for consideration whether the licensee should be allowed to take up such loads. By doing so he locks up a substantial amount of his money which would be out of proportion to the load. That is not in the interest of the other prospective consumers waiting for supply, particularly at times when finances are not easy. In such cases it should be made obligatory on the part of the licensee to obtain prior sanction of the State Govt. wherever the annual minimum guarantees required work out higher than the flat rates approved by the Govt. for normal rural extensions. Also in such cases the prospective consumer should be made to bear the cost of the extension under terms to be prescribed by the State Govt. rather than the licensee having to lay it at his cost. Such

1	2	3	4	5	6
				extensions are to vest with the licensee only for purposes of maintenance.	
376	..	General (*contd.*)	..	minimum charge for normal extensions has been suggested by the Advisory Board as 15%. This much of return will not cover all costs. That means that a licensee who is not making excess of profits will be either out of pocket by serving loads on such terms or as is more likely, the burden on existing consumers will be more than their due share. That would not be fair. So, until the licensee has begun to earn his reasonable return in full, the percentage can be fixed higher, namely 20% . Thereafter, the licensee generally makes steadily more and more profits than the reasonable return and this excess can be set off for meeting the deficits arising out of a 15% limit for extensions. So, only thereafter, should he be permitted to bring down the limit to 15% say in two stages in 2 years and to the 15% limit should apply thereafter for all future years. The period of agreement for this special minimum is important. If it is fixed as only 2 years as permissible at present, then, with a 15% limit per annum, the licensee may get back only 30% of his capital expenditure which may just cover his erection and dismantling charges, leaving nothing for the energy charges, capital charges, repairs and maintenance charges etc. So the period of guarantee has to be far longer, at least 5 years. But where it has to be less due to the consumer requiring the supply only for lesser years, obviously the percentage guarantee has to be increased. A suitable formula for the annual guarantee in such cases may probably be $15\% + \frac{30\%}{\text{No. of years}}$ *i.e.* if the period of agreement has to be only 3 years, the annual minimum guarantee will be $15\% + \frac{30\%}{3}$ or 25% per year; if the agreement period has to be only one year, the annual guaranteed revenue will be $15\% + \frac{30\%}{1}$	

or 45%.

Where a consumer requires supply beyond the first period of an agreement, it does not seem to be fair to continue the old minimum guarantee for the second renewal period also etc. Where, in the meantime, other new loads have not come up to make it feasible to reduce the guarantee to normal minimum only, it seems to be best to specify that the renewal minimum should not exceed 50% of the minimum for the prior agreement.

Street Light Extensions:— In the case of street light extensions, if each bulb is to be considered as a new point of supply and the normal "freelength" for same is applicable, it will be seen that the licensee can easily afford to run a special street light control wire free of charge to the consumer. On the 15% annual return basis also, such a street light wire will normally involve no special additional minimum charge. So it could be made obligatory on a licensee to run such a wire wherever any Local Authority requires street lighting, at a rate of not less than 2·0 KW of street light load per mile of mains.

For agreements of shorter periods than one year, the guarantee can be the actual erection and dismantling charges, hire charges on materials, plus the energy charges, as may be prescribed by the Govt.

It is for consideration whether the State Govt. should have power to relax certain standards for insulation, strength, clearance etc. for temporary installations.

As to what is the limit for the security deposit that can be demanded from consumers may also be statutorily specified now, seeing that in some cases licensees have started using it as a source of finance. There does not seem to be justification for a deposit exceeding the supply charges for three consecutive months.

1	2	3	4	5	6
3765	..	General (*contd*).	..	SERVICE LINES At present there are the following defects in the statutory provisions relating to service lines :— (1) As to who is the owner of the service line is not specified anywhere in the I. E. Act, leading to controversies. (2) There is a "free length" prescribed the cost of which is to be borne by the licensee but it is restricted to public road only. In future, more services will come up in non-urban areas also and the "free length" should be made available to all consumers whether near roads or otherwise. (3) The licensee is now permitted by clause XII of the Sixth Schedule to the E (S.) Act to claim depreciation for service lines as an item of annual expenses. What he usually does is to claim this, but to go on charging all maintenance and replacements to operating expenses. This means he may be left with the depreciation fund of the service lines as his own when his undertaking is taken over. (4) There is now some scope to argue that service lines through paid for by consumers are the "works" of a licensee for which he should receive compensation when the licence expires under Section 7 of the I.E. Act. This should not be permitted since the licensee never paid for these works. Also the successor has to maintain them, though he received no money for them, in the first instance. So, the following modifications are suggested:— (1) Cost of service line up to the premises of the consumer is to be borne by the licensee so that it is undisputably his property only. The licensee charges say—a percentage of this cost, as annual minimum charge. (This suggestion is the same as of the Advisory Board.)	

(2) This percentage return basis will involve a separate minimum for each consumer resulting in lot of difficulty in checking monthly bills etc. So what is suggested is the prescribing of a deduction from the cost of this line, a "free-length-cost" which is enough to cover the normal (*i.e.* non-special) minimum charge. Then most consumers will get converted to ordinary minima only and only a few will require special watching. The free length-cost may vary with each class of consumer, to enable special concessions being given to the poorer types of loads.

(3) The percentage for annual minimum charge may be 20% for the early years till licensee begins otearn his full reasonable return. Thereafter it is to be reduced to 15% by two annual instalments.

(4) The service line on consumer's premises is to be laid at the cost of the consumer and the licensee should do the maintenance of the same as now. But what has to be now prescribed is that when the service line is no longer required, the licensee should take over its ownership also and pay the consumer half the original cost, in full settlement.

This payment of part cost is necessary since making the licensee the sole owner, while he has not paid anything for it, would be unfair in the eyes of common-law.

Also, service lines are sometimes put up at the request of and at the cost of an occupant while the owner refuses to help. With the above arrangement, the occupant, when vacating, will get back at least 50% of what he spent, and the licensee can make the unhelpful landlord pay again, or dismantle or take away the materials.

For this refund of cost of service line, "cost less depreciation" is not suggested since it would be unfair to the consumer. The consumer paid the full cost originally. He also then paid annually the depreciation charges through his electricity rates. "Cost less depreciation" would be fair only if the licensee bore the depreciation charges himself which is not the case.

1	2	3	4	5	6
376	..	General (*contd.*)	..	For the refund a 50% of cost only is suggested since, where the line has to be dismantled, the cost of erection also becomes a waste. There is further the work of dismantling the licensee's portion of the service line. For the two together a reduction in cost of 50% would seem to be roughly fair. (5) It should be made obligatory for the licensee to maintain a separate account for the depreciation fund for the service line lying on consumer's premises. He should charge to it all replacements and hand over the balance to the purchaser, when his license expires. (6) When the licensee sells his undertaking, there should be provision that he should not be paid by the purchaser for the consumer's portion of the service lines since he never incurred any expenditure for same. REVISION OF RATES The existing I.E. Act, provides for a licnesee not exceeding the maxima rates for sale of energy contained in his licence and it was thought that this restriction would prevent him from making too much of profits in this public utility line. But since profits do mount up as the undertakings expand, the I.E. Act also provided in its clause XI of the Schedule, for an Advisory Board going into the matter of profits after the first 7 years (and subsequent periods of 5 years) and revising these maxima limits suitably, where necessary. But actual working (both here and in other countries) has shown that mere fixation of maxima limits was not enough control at all. So a more elaborae system of control was introduced into the E(S.) Act. But that Act is primarily concerned with large scale eletricity supply and what would be an approprate organisation (State Board) for working the same and what should be the way to finance its working etc. Of course, the State Board	

would like its electricity supply to licensees to be resold only at reasonable rates and to that extent control of licensees rates has some place in the Supply Act.

But primerily such control is essential on all licensees, whether they sell Grid electricity or electricity generated by themselves or purchased from other licensees etc. So the more appropriate Act to deal with control of licensees rates is the I.E. Act and not the Supply Act. It is the I.E. Act and not the Supply Act that deals with licensing, punishment of licensees, audit and check of licensees' accounts etc. Finally, it may also be noted, that even the returns required for checking the reasonableness of licensees profits, under the E. (S.) Act have to be called for now only under the I. E. Act and I. E. Rules and not under the Supply Act.

So the best thing is to have the provisions relating to the control of licensees' electric supply rates transferred from the Supply Act to the I. E. Act. When doing so, the following changes in the same should be made since the existing provisions are found to be seriously defective in many ways.

(1) The net profit which a licensee is allowed to make must be based on what money he himself brings but not on money which he collects from consumers either directly as deposits or by means of excessive rates. So we should exclude from the capital base (*a*) money collected by way of security deposits from consumers to the extent invested in licensee's works (*b*) money collected in excess from consumers and transferred to the "consumers" fund, to the extent it is invested in licensees works and (*c*) money collected in excess from consumers and transferred to the "Tariffs and Dividends Control Fund," to the extent it gets invested in works.

(2) Where a licensee has brought in any money by way of borrowings, he should be either allowed to treat the interest charges on same as an item of expenditure in which case the amount of loan should be deducted from the "capital base", or it can remain in the capitl base but the interest charges should come out of his "reasonable return". The

1	2	3	4	5	6
376	..	General (*contd.*)		choice of what should be done in each case should be left to the State Govt. to decide. Where the rate of interest of borrowings is unreasonably high, the State Govt. can then specify the latter alternative. (3) The licensee is no doubt entitled to a "reasonable return" but obviously the consumer should not be made to loose a piemore than what is necessary to make up the reasonable return ,due to any negligence of the licensee. Now, he looses heavily whenever the licensee collects in excess. This happens in two ways. Firstly the licensee pays a heavy income tax on the entire such excess collections, and so only some 60% of it remains. Then out of this depleted sum the licensee can keep back more than half as "efficiency bonus" and as appropriations to "Tariffs and Dividends Control Fund". So in practice it amounts to the consumer getting a refund of only less than 30% of the amount collected from him in excess of what was really needed to make up the licensees reasonable return. This is most unfair to consumers. So the existing provisions should be modified to make it compulsory for a licensee to refund the entire excess collections collected by mistake or carelessness, before closing the accounts for the year, so that the excess will not then come out as a taxable profit. As for any efficiency bonus to him, such deserving instances are rare and each time a licensee specifically claims any such bonus it should be gone into by a Rating Committee and then only allowed to be appropriated from any excess profits or the "Tariffs and Dividends Control Fund" in a suitable manner. (4) Rate Control, by means of a mere formula as now laid down in the Supply Act, has been found not to work well at all elsewhere. It is working ineffectively here now. Rate Control is a live matter involving many factors which only a well quali-	

fied expert Board can go into suitably. Therefore, here also, as in the U.S.A., we should have a permanent Rate Control Board, to check a licensee's efficiency, reasonableness of service, suitability of rates etc., as a live continuous process. A licensee should not be allowed to push up any rate without the scrutiny of the justification for same, by this Board.

The C.E.I. to Govt. of Madras.

Similarly, the Board should watch each licensee's working and insist on suitable rate reductions whenever a licensee can in its opinion, afford to do so either as a result of increased profits or by more economical working. There can be an appeal over the Board's orders to the State Govt. Our present system of making the licensee the sole judge of his efficiency for adjusting his rates is a purely experimental one and works badly.

At present a licensee can keep at bay a Rating Committee inspite of inefficiency and undue increase in expenses, by merely keeping these increases in step with or more than his increase in revenue, so that his net profits are still lower than the permissible limits. But it may well be, that his profits would be far in excess of the reasonable return, if only proper economy had been practiced. A watchful Permanent Rating Committee should have power to insist on reductions in rates in such cases, whenever it likes, after going into the licensee's working.

The I.E. Act can provide for such a Permanent Rating Committee in place of the Advisory Board under Section 35 of the Act and Clause XI of its Schedule.

(5) The present provisions of the Supply Act relating to Rates, permit a licensee to do the following which are undesirable from view point of consumers. They should be made to be no longer permissible :

(*a*) Where profits are likely to be insufficient, a licensee may now revise his rates for some classes of consumers only and not for others thereby causing undue heart burning for the consumers

1	2	3	4	5	6
				affected. The revisions are best based as a uniform percentage on the entire standard tariff, approved by the Govt. for each licensee. (*b*) Revisions in rates can now be made any number of times a year, due to lack of foresight or proper revenue forecasts. Normally revision more than once a year should not be permissible. Any revision to earn more profits should not come near end of the financial year, since it may result in steep increases in rates. *Solatium.* The Supply Act contemplates the State Electricity Boards granting loans to licensees (Section 23) Licensees are finding it difficult to raise money fo. extensions for utilising Grid electricity and in Madras, at any rates, the State Govt. also has started giving large loans to licensees. It is felt that for some years such financing will grow in volume. When a licensee raises finances himself and builds works and earns a return on same, he is justified in expecting a solatium, when all of a sudden that profit stops coming. But where it was a State Govt. or the Electricity Board that did the financing in addtion to arranging for the cheap and extensive bulk supply to the licensee, it does not seem to be justifiable to pay the solatium on works built with such loans. Otherwise the solatium will almost wipe out the interest charges received on the loans and the licensee will have earned good profits on Govt. money with hardly any recompense to Govt. So, in the conditions governing purchase price to be paid to licensees, when the licenses expire, it may be stipulated that where any loans from Govt. or the state Board are outstanding on date of pur-	

chase, the amount of same should be deducted from the "book value less depreciation" before adding the solatium to the same.

Resale of Electricity by Consumers

The I.E. Act. Section 28, prohibits any one from engaging in the business of electric supply unless he be a licensee or a sanctionee. But the Act does not specify what "engaging in the business" of electric supply is. Any way, resale by a consumer to his tenants is now generally held to be not contravening Section 28 of the I.E. Act. But such resale can be unfair to other consumers in the area and also disadvantageous to the supply authority.

The resale will be unfair to other consumers as well as to the supply authority when the tenant purchases electricity at a low rate due to the combined off take of his and of all his tenants and then sells them electricity at low rates which they would not be entitled to for direct upply from licensees.

The most glaring case is when a mill or workshop or ship-yard purchases energy at H.T. and uses most of it for its workshop purposes but then sells electricity to the staff also at such low rates as 0-1-0 or so for their lighting and fan requirements.

The same thing happens when a big block of commercial buildings purchases electricity at H.T. essentially for the lifts, pumps etc. and sells it to each flat at a low rate. Similarly a house purchases electricity on the "all electric tariffs" and then sells to shops which are housed in the building. Railway colonies purchasing electricity from a licensee at H. T. invariably supply electricity to the Railway staff at low rates. As a contrast to this in many cases, even the staff of many licensees do not get electric supply at any concessional rate.

The case for prohibiting such resale at low rates is as follows :—

The licensee is permitted to earn a reasonable return from his electric supply work. He finds that he has necessarily to charge his consumers say, 0-4-0 per unit for domestic lights and fans, in order to make just his reasonable return. That means that for

1	2	3	4	5	6
376.	..	General (*contd.*)		serving all his consumers in that class of load in his licence area a rate at less than 0-4-0 is uneconomical. The less of concessional rates, greater the scope for the rates for all coming down. If a few, say 1% of the consumers, get their supply at an uneconomically low rate, it can only be due to the bulk rate being unduly low for mixed loads of the Railway or mill supply. Remodelling the rates may not be easy due to the peculiarities of each class of load. The remedy lies in specifying that where electricity is essentially purchased for official, commercial or industrial purposes, reselling except at the normal rates of the licensee applicable, should not be permissible except under the condition that all proceeds of sale should be handed over to the licensee less the purchase price per unit of electricity sold, and also less say some 10% or 15% in the case of purchase of L.T. power or 25% in the cost of purchase of H.T. power to cover the factory's incidental charges and cost of distribution. The Act need not go into these percentages which are best prescribed by the State Govts. or incorporated in the I.E. Rules but resale to any premises for which rent is collected, should be made non-permissible except with the concurrence of licensee and subject to his conditions as approved by the State Govt. for such resale. Where a consumer does not disclose his resale, it may also be made permissible for the licensee to estimate and charge for all the likely resale during the previous 12 months at his normal rates applicable, without any rebate thereon. The resale results in unfairness to the licensee in another type of cases also namely where a consumer purchases electricity at a somewhat low rate in a sliding scale of tariffs, because of his large off-take, and then sells it to his numerous tenants at the usual licensee's rates applicable. The entire distribution may be confined to a single building	

or contained within a single compound. It will result in the consumer collecting from his tenants far more than his cost of purchase of energy.

The remedy here also, is, as in the earl r to prohibit resale to any premises for which rent is collected excep' as per terms specified as in the earlier case.

Also, in this type of cases, where a consumer does not disclose his resale, it may be made permissible for the licensee to charge his entire off-take for the previous 12 months at the maximum rate of that tariff for that class of load, instead of on the sliding scale.

LAYING POWER LINES ON PRIVATE LAND

Section 51 of the I.E. Act now provides for any licensee being clothed with the same powers which the Telegraph Authority possess under the Indian Telegraph Act, for purposes of laying power lines on private land. But Section 51 restricts the scope to lines for "transmission" of electricity only and not for distribution also. The Electric Supply Act grants such powers to the State Electricity Board for both transmission and distribution.

When a power line is laid on private land the owner of the land cannot use the land freely, for growing tre s below it or for erecting a building etc. so he looses a certain amount of right over his land.

The Telegraph Act does not provide for payment of compensation for such loss, and so supply authorities operating under Section 51 of the I.E. Act do not also pay any compensation in such cases.

While such non-payment of compensation is legally right now, it may not be so when once the I.E. Act gets replaced by another, the new Act. This is because every new Act to be valid has to comply with the Fundamental rights in the Constitution of India. Section 31(2) of the Constitution Act lays down that no interest in any property shall be taken possession of, for a public purpose, unless the law provides for the principles of compensation and the manner of payment of same. So it will

1	2	3	4	5	6
376	..	Gereral (*contd.*)	..	require careful legal scrutiny to see whether the revised Act to be valid, has not to be self contained in the following respects :— (1) For what all purposes only can lines be run on private land, *i.e.*, for transmission only or for distribution also? (2) What types of compensation are payable for the various types and degrees of interferences of private rights ? (3) How the compensations are to be assessed and how they are to be paid ? Assuming that such legal examination shows the need to radically modify the existing provisions to suit section 31(2) of the Constitution Act, it would mean that the new Act should contain the following provisions :— (1) There should be power given to the supply authority to enter private land for survey of line route. (2) After a sufficiently long prior intimation (say one month) of intension to acquire certain rights, sent both to the worker and to an appropriate authority specified for the purpose, the supply authority should have power to enter and do whatever is needed to lay the line. (3) Any compensation payable will have to take effect from date of such notice. (4) The compensation payable could be of two kinds—(*a*) Payment for outright purchase and (*b*) payment of an annual amount for partial rights only. In the case of land that could be used for dual purposes namely for running the line and also for raising seasonal crops etc. this annual payment should be available as an alternative to outright purchase. The rental should, however, be subject to periodical revision, say, every seven years, to take care	

of fluctuations in land prices or feasibility of cultivation of better kinds of crops.

(5) The rental or cost of outright purchase should be on the basis of rates to be fixed by a special assessment committee, appointed for each regional area, by the Govt., with scope for appeal to the Govt.

(6) The powers to lay lines should be applicable for both transmission and distribution.

CONTROL OF LICENSEES

The existing Act takes power to control licensees by:—

(1) having power to audit licensee's accounts;

(2) prosecuting licensees for infringement of certain provisions; and

(3) cancellation of licences.

Accounts :—Where mismanagement or shady transactions or unduly excessive expenses have come to light during audit of account by the Govt. Auditor, the Govt. makes its remarks on these aspects in reviewing the accounts and intimates its views to the licensee. But generally it is the management that is responsible for the irregularities while the share holders and sometimes even the directors are kept ignorant of the matters. It is this management that receives the Govt.'s remarks and in such cases it keeps back the remarks from the share-holders and directors. The consumers are also concerned in the matter and they also never come to know of the Govt.'s remarks.

Then again, when any directions for rectification are given by the Govt. sometimes a licensee unduly delays matters or does not carry out the instructions. There are at present no proper provisions to compel compliance or to meet out punishment for non-compliance. The licensee knows all this and so the audit is not serving its purpose properly.

Infringement of statutory provisions :—In the case of prosecutions and fines for infringement of any

1	2	3	4	5	6
376	..	General (*contd*)		provisions of the I.E. Act and Rules, the procedure is vexatious. Also the parties concerned are generally influential and well placed in life. So these provisions are in practice, hardly ever resorted to. Even if a prosecution is launched and ends in a fine, the licensee charges all the cost of the suit and the fine to the years expenses and to ultimately it is the consumer who pays it all. This is most unsatisfactory. *Cancellation of a licence:*—This is a punishment that can be meted out only once. It involves substantial losses to share-holders. Consumers also will suffer if thereby electricity supply stops. Cancelation of licence and the collapse of a limited liability company has a demoralising effect on industrial development. So it is a weapon that has to be wielded so rarely that in practice it has become almost useless. Sometimes licensees give evasive replies for years, for not extending supplies to certain areas take too much time to add additional transformer capacity or to effect improvement in voltage of supply. It is found that now, in practice, the Govt. can do very little to enforce any compliance. So more effective powers for enforcement are necessary to meet such cases. *Accounts :*—The Govt. should take power to publish in the gazette if it likes, the Govt.'s auditors report on the annual accounts as also its remarks thereon. This will greatly help both consumers and share-holders. A licence company invariably publishes the remarks of its auditors on the annual accounts and so there should be no inherent objection to publication of the Govt. auditors remarks also. It should also be made obligatory on the part of the licensee to give early effect to all the recommendations of the Govt. contained in its review of the annual accounts, subject to right of appeal (when the licensee is not prepared to accept the Govt.'s views) to a Central Govt. Organisation, nominated for the purpose.	

Where a prosecution against a licensee is successful the entire cost of defence by the licensee and the fine imposed should be met from the "reasonable return" only and not treated as an item of legitimate revenue expense for the year *i.e.*, the consumer should not be made to pay for the licensees mistakes.

Where a licensee is unduly slow in putting up an extension or adding additional transformer capacity or in strengthening his lines to improve voltage conditions, the Govt. should have the right to do it or to get it done in the manner it considers best, and to recover the cost from the licensee.

Whenever a licensee is found to be financially unsound, or is working inefficiently or his expenses are unreasonably high and burdensome to consumers and it may all end up in suspension of supply or cancellation of licence the Govt. should have the power to appoint an Advisory Committee to investigate thoroughly and report. The report should be published in the gazette for the information of all share-holders and consumers and the public. Such publication is quite necessary. If the report recommends any loan to the licensee as sufficient to set matters right, Govt. may grant such loan. However, if change of management is also considered quite necessary, the licensee may be asked to amalgamate with any other good licensee or, if he fails to do so, Govt. should take over and arrange for such management for such time as necessary to change the unremunerative position to a satisfactory one and to prove that better working is quite feasible.

The Govt. should have the power to incur any extra expenditure necessary during such period to make the undertaking a more economical or efficient unit or to put up the needed extensions to cater to new load (now not feasible if taken over under the Revenue Recovery Act) and to recover the advances from the licensee by stages.

To avoid duplication of management expenses during the period of such Govt. management, the Act should provide for all existing managing agency rights being suspended for that time.

1	2	3	4	5	6
376	--	General (*contd.*)		Also, after the care-taker period is over, the share-holders should be given the right to decide whether the old management should be put back in charge, or changed or the Govt. requested to continue the management. This choice should not be left to the old inefficient management to influence. The management by the Govt. should be subject to compliance with certain regulations to be prescribed for the purpose regarding limits of percentage charges for the management work, the making up and submission of accounts to the licensee company periodically, payment of charges to the company to keep it going under the provisions of the Company's Act etc. Any such interim working by the Govt. should be subject to its not resulting in a loss to the licensee company. This is necessary since the Supply Act given powers to adjust rates to result in a profit and the assumption is that after rectifying defects and arranging for efficient working, profits should not be difficult. But it will take some time. So the Govt. management should be for such a period of years as necessary to set right matters. The license should be cancelled only if the Advisory Committee reconsider the same necessary rather than such an interim Govt. management, or the Govt. and the licensees agree for such management in preference to cancellation. In all cases of cancellation of licence, in places where supply has continued for at least 3 years, or where a licence was taken over after the lapse of the licence period, Government should necessarily arrange for continuation of supply. This should be stipulated as obligatory on Government. This is necessary to safeguard the interest of consumers. Copy of letter No. 713-J/54-5, dated 7/6/54, from the Chief Engineer for Electricity, Madras, to Secy. to Govt., P.W.D.	

Sub : Electricity—Indian Electricity Act, 1910—Revision.

Ref : This office letter No. 1621-J/54-1, dated 28th May 1954.

Further to my letter as cited above, I forward herewith letter from the Chief Electrical Inspector to Govt., No. 1165-54-4, dated 10th May 1954 together with two copies of his note on the proposed amendments to I. E. Act.

2. I generally agree with the remarks of the Chief Electrical Inspector to Govt. subject to the follow-wing :—

(*i*) *Introduction.*

Under the proposed amendments to the I.E. Act, the State Govt. is a licensee subject to certain exemptions. The Chief Electrical Inspector to Govt. then suggested that Govt. should have the same responsibilites as a licensee under the I. E. Act. In this connection kind attention of the Govt. is invited to my letter No. 713-J/54-3, dated May 7, 1954 wherein the above has not been accepted.

(*ii*) *Long extensions.*

The argument of the Chief Electrical Inspector to Govt. that prior sanction of Govt. should be obtained for undertaking a long extension which requires a higher guarantee than the normal one as large capital gets locked up, seems not correct, as, if for the same capital the licensee can get larger revenue, the licensee will himself delay taking up this extension. So long as consumer is prepared to pay a guarantee to make the extension remunerative, he should be able to get supply as early as possible.

In regard to suggestion about the return of extensions I reiterate my remarks against section 22 and Schedule Clause V(I) (*a*) in my letter No. 713-J/54-3, dated 7/5/54.

1	2	3	4	5	6
376	..	General (*contd.*)	..	(*iii*) I agree with the formula for special guarantee, namely, $15\% + \frac{30\%}{\text{No. of years.}}$ where the period of supply is less than five years, suggested by the Chief Electrical Inspector to Govt. I agree with the suggestion of the Chief Electrical Inspector to Govt. regarding the reduction in the old minimum guarantee at the time of renewal of the agreement but the special guarantee for the period of extension should be reduced to the normal 15% per year. (*iv*) *Street Light Extensions.* In regard to the suggestion that it could be made obligatory on a licensee to run such a wire wherever any local authority requires street lighting at a rate of not less than 2·0 K.W. of street light load per mile of mains, I invite reference to my recommendation in my letter No. 713-J/54-3 dated 7/5/54 against the Chief Electrical Inspector to Government's comments on Sch. Cl. VIII (*i*) that the licensee should provide group control wires in mains where the local authority agrees to take supply for street lighting. (*v*) *Service lines.* I agree with the remarks of the Chief Electrical Inspector to Government subject to the return being at an uniform rate of 15%. (*vi*) *Revision of Rates.* I agree with the remarks of the Chief Electrical Inspector to Govt. that a more appropriate Act to deal with control of licensees rates is the I.E. Act and not the Supply Act. (*vii*) The Chief Electrical Inspector to Government	

has suggested the following deductions from the capital base:—

(*a*) money collected by way of security deposits,
(*b*) the consumers' fund invested, and
(*c*) The tariffs and dividends control fund invested.

Item (*a*) is in the amendments to the E. (S). Act under consideration and for items (*b*) and (*c*)

I invite reference to the correspondence resting with item No. 43 of the Statement attached to the Public Works Memo. No. 56288-I/52-20 dated 20th April 1953 wherein amendments to cover these items have already been accepted by Govt.

(*viii*) The Chief Electrical Inspector to Govt. has referred to the defect in the existing Act whereby the licensee now earns his interest and reasonable return of borrowings. This question has already been raised in a letter of the Govt. of India No. El-II-1(134) dated 18/5/54 and necessary amendment to the E. (S.) Act is already under consideration (*vide* P. W. D. Endorsement No. 41422-I/54-1 dated 24th May 1954).

The points raised in this suggestion have been dealt with at appropriate places.

(*ix*) *Resale of Electricity by consumers.*

The question of resale to employees in Railway colonies, etc., may be ignored as already suggested in my letter No. 713-J/54-3, dated May 7, 1954, against Sch. Cl. VI(*i*).

(*x*) *Laying power lines.*

The question regarding compensation may be examined by Govt. as already suggested in my letter No. 713-J/54-3 dated 7/5/54 against section 51.

(*xi*) *Control of Licensees.*

I agree with the suggestion of the Chief Electrical Inspector to Govt. for Govt. taking over for interim management and undertaking when a licensee is found to be financially unsound or is working inefficiently or his expenses are unreasonably high and burdensome to consumers.


सत्यमेव जयते

Appendix VIII

Statement of the Draft of the Sections and the Clauses of the Schedule To the Indian Electricity Act, 1910 As Recommended By the Advisory Board.

सत्यमेव जयते


सत्यमेव जयते

APPENDIX VIII

Statement of the Draft of the sections and the clauses of the schedule to the Indian Electricity Act, 1910 as recommended by the Advisory Board.

(Asterisks indicate deletion and *underlines* addition)

Item No.	Existing Section	Section No. as proposed	Text of the Section as recommended by the Advisory Board.
1	2	3	4
1	1(3)	1(3)	It shall come into force *** *at once.*
2	2 (a)	2 (1) (k)	Vide definition of "overhead line" against the proposed section No. 2 (1) (k).
3	2 (b)	2 (1) (a)	Change in the number of the section only. Definition (*1*)
4	2 (c)	2 (1) (b)	"Consumer" means any person who is supplied with energy by a licensee, *non-licensee or other supplier of energy engaged in the business of the supplying energy to the public under this Act or any other enactment* or whose premises * *is* for the time being connected for the * *purpose* of *receiving* a supply of energy * *from* the works of a licensee, *non-licensee or other supplier of energy;*
5	2 (d)	2 (1) (c)	Change in the number of the section only.
6	..	2 (1) (d)	*"date of vesting" means the date on which the undertaking, or part thereof, of a licensee vests in the State Electricity Board, the State Government or any other purchaser as the case may be;*
7	2 (e)	2 (1)(e)	....
8	2 (f)	2 (f) (f)	"electric supply line" means a wire, conductor, or other means used for conveying, transmitting or distributing energy *either by overhead line or lines or by underground cable or cables,* together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, *including any supports, brackets, crossarms, stays, struts, safety devices or mechanical or electrical contrivances used in connection therewith,* or any apparatus connected therewith for the purpose *of* conveying, transmitting or distributing such energy;
9	2 (g)	2 (1) (g)	....
10	2 (h)	2 (1) (h)	"licensee" means any person licensed under Part II to ****engage in the business of supplying energy to the public.* *Where the State Government itself engages in the business of supplying energy to the public, it shall have all the powers and obligations of a licensee under this Act:* *Provided that, nothing in sections 3 to 11, sub-sections (2) and (3) of section 21, sections 22 and 27 of the Act or clauses I to V, VII and clauses IX to XII of the Schedule thereto relating to the duties and obligations of a licensee shall apply to the State Government.*
11	2 (i)	2 (1) (i)	" main" means any electric supply-line through which energy is, or is intended to be, supplied *** to the public;
12	..	2 (1) (j)	" *non-licensee*" *means a person generating, transmitting, supplying or using energy to whom any of the provisions of Part III of the Act apply;*
13	2 (a)	2 (1) (k)	"**overhead line*" means any electric supply line which is placed aboveground and in the open air.
14	2 (j)	2 (1) (l)	Change in the number of the section only;
15	2 (k)	2 (1) (m)	Do.

1	2	3	4
16	2 (1)	2 (1) (n)	"service-line" means any electric supply-line through which energy is, or is intended to be, supplied*** (*i*) to a single consumer either from a distributing main or immediately from the * *suppliers* premises, or (*ii*) from a distributing main to a group of consumers on the same premises or on adjoining premises supplied from the point same of the distributing main.
17	..	2 (1) (o)	*"State Electricity Board" means the State Electricity Board constituted under section 5 of the Electricity (Supply) Act, 1948 (LIV of 1948).*
18	2 (m)	2 (1)(p)	Change in the number of the section only.
19	2 (n)	2 (1)(q)	"*works" includes electric supply lines and any buildings, *plant,* machinery or apparatus required ** *for the purposes of supplying energy by a licensee, non-licensee or other supplier of energy engaged in the business of supplying energy to the public* and to carry into effect the objects of **** *the Act.*
20	..	2 (2)	(2) *other expressions not defined in this Act but defined in the Electricity (Supply) Act, 1948 (LIV of 1948) shall have the meanings assigned to them in the Electricity (Supply) Act, 1948.*
			Grant of licenses.— * * * *
21	3 (2)(a)(i)	3 (2)(a)(i)	In the proviso to sub-clause (i) of clause (a), the word " and" should be deleted.
22	3(2)(a)(ii)	3(2)(a)(ii)	(*ii*) until, in the case of an application for a license for an area, including the whole or any part of any cantonment, fortress, arsenal, dockyard, *aerodrome,* camp or of any building or place in the occupation of the *Central* Government for *** *defence* purposes, the State Government has ascertained that there is no objection to the grant of the license on the part of the**....** *Ministry of Defence , and*
23	..	3(2)(a)(iii)	(*iii*) *without the consent of the State Electricity Board, where such a Board has been constituted, unless the State Government considers that such consent has been unreasonably withheld.* * * * *
24	3 (2)(d)(i)	3 (2)(d)(i)	a license under this part:— * * * (*i*) may prescribe such terms as to the limits within which, and the conditions under which, the supply of energy is to be compulsory or permissive, **....** and generally, as to such matters, *excepting the maximum limits of price to be charged, for energy supplied,* as the State Government may think fit, and * * *
25	4 (1)	4 (1)	Revocation ** of licenses— (1) The State Government may, if in its opinion the public interest so requires, revoke a license, *after consulting the State Electricity Board where such a Board has been constituted,* in any of the following cases, namely:— * * *
26	Do. (d)	Do. (d)	(*d*) Where *** in the opinion of the State Government, *the financial position of the licensee is such that he is* unable, **....** fully and efficiently to discharge the duties and obligations imposed on him by his license.
27	..	Proviso to 4(1)	*Provided that, no license shall be revoked unless the State Government has first given to the licensee at least three months' notice, in writing of its intention to revoke the license stating the grounds therefor and has considered any cause shown by the licensee against the proposed revocation.*]
28	4 (3)(a)]	4(2)	(2) Where in its opinion the public interest so permits *or requires,* the State Government may, on the application or with the consent of the licensee, *after consulting the State Electricity Board where such a Board has been constituted, the Ministry of Defence, if con-*

1	2	3	4
			cerned, and, if the licensee is not a local authority, ** the local authority (if any) concerned, * *also* revoke a license as to the whole, or any part of the area of supply, upon such terms and conditions as it thinks fit.*
29	4 (3)(b)	4A(1)	Alteration or amendment of licenses—
			(1) Where in its opinion the public interest so ****requires*, the State Government may, **....** *after consulting the State Electricity Board where such a Board has been constituted* and **....** the local authority (if any) concerned, *if it is not a licensee*, *make such alterations or amendments in the terms and conditions of a license, including the provisions specified in Section 3, sub-section (2), clause (f), as it thinks fit:
			Provided that, such alterations or amendments shall not be made without the consent of the licensee unless the State Government considers that such consent has been unreasonably withheld.
30	4 (2)	4A(2)	(2) Where the State Government might under sub-section (1) *of section* 4 revoke a license, it may, instead of revoking the licence, permit it to remain in force *after consulting the State Electricity Board where such a Board has been constituted,* subject to such further terms and conditions as it thinks fit to impose and any further terms and conditions so imposed shall be binding upon, and be observed by the licensee, and shall be of like force and effect as if they were contained in the license.
31	..	4A(3)	(3) (*a*) *If a licensee desires that any alterations or amendments should be made in the terms of his license he shall submit a written application to the State Government and shall publish a notice of his application in the prescribed manner and with the prescribed particulars.*
			(*b*) *If the alterations or amendments are in the nature of a change in the licensee's area of supply the State Government shall not make such alterations or amendments to the license—*
			(*i*) *until all obections received by the State Government with reference there to have been considered by it ;*
			(*ii*) *until, in the case of an application involving alterations or amendments to an area including the whole or any part of any cantonment, fortress, arsenal, dockyard, aerodrome, camp or of any building or place in the occupation of the Central Government for defence purposes, the State Government has ascertained that there is no objection to such alterations or amendments on the part of the Ministry of Defence*
			(*iii*) *without the consent of the State Electricity Board, where such a Board has been constituted unless the State Government considers that such consent has been unreasonably withheld*
32	5	5	Provisions where license of a licensee **...** is revoked.
33	5(1)(a)	5(1)(a)	(1) Where the State Government revokes, under section 4, ** the license of a licensee **...** the following provisions shall have effect, namely:—
			(*a*) The State Government shall serve a notice in writing of the revocation upon the licensee **...** and shall in the notice fix a date on which the revocation shall take effect; and on and with effect from that date *or on and with effect from the date, if earlier, on which the undertaking of the licensee is sold to a purchaser in pursuance of clause (b) or is delivered to a designated purchaser in pursuance of clause (c)* , *all* the powers and liabilities of the licensee under this Act, shall absolutely cease and determine ;
34	5(1) (b),(c)& (d)	5(1)(b)	(*b*) *the State Government may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking, or part thereof as the case may be.*
			(*i*) *to the State Electricity Board, or where no such Board has been constituted to the State Government,*
			(*ii*) *to the local authority where either the State Electricity Board or the State Government is not willing to purchase the undertaking and where the whole of the area of supply is included in the area for which a single local authority is constituted;*

1	2	3	4
			(*iii*) *to any other person where neither the State Electricity Board nor the State Government nor the local authority is willing to purchase the undertaking*: *Provided that, where the licensee is required by the State Government to sell a part of his undertaking, he shall have the option to require the purchaser to purchase the whole of the undertaking*;
35	5(1)(b)(c)& (b)	5(1)(c)	(*c*) *where the State Government issues any notice under clause* (*b*)' *it may by such notice, require the licensee to deliver, and thereupon the licensee shall deliver, by a date specified in the notice, the undertaking or part thereof to the designated purchaser pending the determination and payment of the purchase price of the undertaking upon such terms and conditions as the State Government may specify in this behalf*;
36	5(1)(h)	5(1)(d)	(*d*) *The purchase price of the undertaking or part thereof, as the case may be, shall be* the value of all lands, buildings, works, materials and plant of the licensee suitable to, and used by him for the purposes of the undertaking *or part thereof as the case may be*, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be, in case of difference or dispute, determined by arbitration : Provided that, the value of such lands, buildings, works, material and plant shall be deemed to be their fair market-value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking *or part thereof* but without any addition in respect of compulsory purchase or of goodwill or of any profits which may be or might have been made from the undertaking *or part thereof*, or of any similar considerations; *Provided also that, there shall be deducted from such value, contributions made by consumers towards the cost of construction of service lines.*
37	6(1)	5(2)	(2) Where the State Government revokes the license, *in whole or in part*, of a local authority under Section 4, **..** the State Government may**..** *issue notice under the provisions of clause* (*b*) *of sub-section* (1) *and fix such terms and conditions of sale* as the State Government thinks just.
38	5(e)	5(3)	(3) *Where a sale has been directed in pursuance of clause* (*b*) *of sub-section* (*1*) *then upon the completion of the sale ; or upon the date on which the undertaking or part thereof, as the case may be, is delivered to the designated purchaser in pursuance of clause* (*c*) *of sub-section* (*1*):— (*i*) **..**the undertaking *or part thereof, as the case may be*, shall vest in the **purchaser* free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking: Provided that, any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking, *or part thereof as the case may be* ; and (*ii*) **..**the rights, powers, authorities, duties and obligations of the licensee, **..** *for the whole of the undertaking or part thereof as the case may be under his license shall pass on to the purchaser and he* shall be deemed to be the licensee *for whole or part of the undertaking as the case may be.* *** ....***

1	2	3	4
39	5(f) and 6(2)	5(4)	(4) **...** *if no order for sale is made under clause (b) of sub-section (1) before the date fixed in the notice under clause (a) of sub-section (1) on which the revocation shall take effect,* the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit:— Provided that, if the licensee does not exercise such option within a period of six months from the date on which the same became exercisable, the State Government may forthwith cause the works of the licensee in, under, over, along or across any street to be removed and every such street to be reinstated, and recover the cost of such removal and reinstatement from the licensee.
40	..	6	*Provisions for purchase of undertaking of a local authority.* (1) *Where a scheme sanctioned under section 29 of the Electricity (Supply) Act, 1948 (LIV of 1948) provides for a purchase, by the State Electricity Board, of a local authority licensee's whole undertaking or part thereof, the State Government may require the local authority to sell and thereupon the local authority shall sell the whole undertaking or part thereof as the case may be, to the State Electricity Board, upon such terms and conditions as the State Government thinks just.* (2) *Where a purchase of the whole undertaking has been effected under sub-section (1) the license of the local authority shall be deemed to have expired on the date of vesting.*
41	7	7	*Provisions for* purchase of undertaking *of a licensee, not being a local authority.*— (1) Where a license has been granted to any person, not being a local authority, **...** *the State Electricity Board* shall, on the expiration of such period not exceeding * *twenty* years, and of every such subsequent period not exceeding **ten* years as shall be specified in this behalf in the license *granted after* (the date of amendment to be inserted), and in the case of a license granted before the aforesaid date, on the expiration of such periods as specified therein, have the option of purchasing the undertaking, and, if the ** *State Electricity Board,* ***elects to purchase, the licensee shall sell the undertaking to the *** *State Electricity Board****.
42	7(1)	7(2)	(2) *The purchase price of the undertaking shall be* the value of all lands, buildings, works, materials and plant of the licensee suitable to, and used by him for the purposes of the undertaking, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be in case of difference or dispute, determined by arbitration : Provided that, the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state or repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking: *Provided further that, there shall be deducted from such value contributions made by consumers towards the cost of constructions of service lines* : Provided also that, there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty per centum on that value as may be specified in the license, on account of compulsory purchase.
43	7(2)	7(3)	(3) **...***Where a State Electricity Board has not been constituted,* the State Government shall have the like option upon the like terms and conditions.

1	2	3	4
44	..	7(4)	(4) *Where the State Electricity Board or the State Government does not elect to purchase under sub-section (1) or under sub-section (3) as the case may be and where the whole of the area of supply is included in the area for which a single local authority is constituted, the local authority shall have the like option upon the like terms and conditions.*
45	7(4)	7(5)	(5) *Where the State Electricity Board or the State Government or the local authority as the case may be, has elected to purchase the undertaking under this section, it shall serve upon the licensee a notice in writing of not less than twelve months of its having elected to purchase:* *Provided that, where the State Electricity Board has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under sub-section (1) at least eighteen months before the expiry of any of the periods referred to in sub-section (1).* *Provided further that, where the local authority has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under sub-section (4) at least fifteen months before the expiry of any of the periods referred to in sub-section (1).*
46	..	7(6)	(6) *Where the State Electricity Board or the State Government or the local authority, having elected to purchase, serves a notice under sub-section (5), the licensee shall deliver the undertaking on the day of the expiry of any of the periods referred to in sub-section (1) to the State Electricity Board or the State Government or the local authority as the case may be, pending the determination and payment of the purchase price of the undertaking upon such terms and conditions as the State Government may specify in this behalf.*
47	7(3)	7(7)	(7) Where a purchase has been effected under sub-section (1) or sub-section *(3) or sub-section (4),* (*a*) the undertaking shall vest in the * *purchaser* free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking ; Provided that, any such debts, mortgages, or similar obligations shall attach to the purchase money in substitution for the undertaking ; and (*b*) save as aforesaid, the license shall remain in force, and the purchaser shall be deemed to be the licensee***..... .....***
48	7(5)	..	Deleted.
49	8	8	Provisions where no purchase effected and license revoked with consent of licensee.— Where, on the expiration of any of the periods referred to in section 7, sub-section (1), neither ****the State Electricity Board* nor the State Government *nor the local authority* purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such a manner as he may think fit.— Provided that, if the licensee does not exercise such option within a period of six months, the State Government may proceed to take action as provided in *the proviso to sub-section* (4) of Section 5***.
50	9	9	Licensee not to purchase, or associate himself with other licensed undertakings or transfer his undertakings.— (1) The licensee shall not, at any time without the previous consent in writing of the State Government, acquire, by purchase or otherwise, the license or the undertaking, of, or associate himself so far as the business of supplying energy is concerned with, any person supplying, or intending to supply, energy under any other license, and, before applying

1	2	3	4
			for such consent, the licensee shall give not less than one month's notice in writing of the application to *the State Electricity Board where such a Board has been constituted and to* every local authority, both in the licensee's area of supply, and also in the area or district in which such other person supplies, or intends to supply, energy : Provided that, nothing in this sub-section shall be construed to require the consent of the State Government for the supply of energy by one licensee to another in accordance with the provisions of clause IX of the Schedule.
			* * * * *
51	Proviso. to 12(2)	Proviso. to 12(2)	Provisions as to the opening and breaking up of streets, railways and tramways.—
			* * * * *
			In the first proviso to sub-section (2), for the word " aerial" the word, " overhead" should be substituted.
			* * * * *
52	13(1)(f)	13(1)(f)	Notice of new works.— (1) (a) to (e) * * * * *
			(f) Where the works to be executed consist of the laying of any underground service-line immediately attached, or intended to be immediately attached, to a distributing main, the licensee shall give to the repairing authority or the owner, as the case may be not less than forty-eight hours' notice in writing of his intention, to execute such works. *Notwithstanding the provisions of the sub-clause, the licensee, shall, in the execution of all works, in, under, over, along or across a railway, be bound by the provisions of sub-clauses (a) to (e).* * * * *
53	13(3)	13 (3)	In sub-section (3) and in its proviso, for the word, " aerial" the word, " overhead" should be substituted.
54	18	18	In the heading and in sub-sections (1) to (4), for the word " aerial", the word, " overhead" should be substituted. Power for licensee to enter premises and to remove fittings or other apparatus of licensee.—
			* * * * *
55	..	20 (4)	(4) *A licensee or any person duly authorised by a licensee may, at any reasonable time and on informing the occupier of his intention, enter any premises or lands under, over, along, across, in or upon which the electric supply lines or other works have been lawfully placed by him for the purposes of examining, repairing, altering or removing such electric supply lines or other works.*
56	..	20 (5)	(5) *Where an occupier refuses to allow a licensee or any person duly authorised as aforesaid to enter and after having entered to perform any act which he is authorised by sub-section (4), the licensee or any person authorised as aforesaid may in pursuance of a special order in this behalf obtained from the District Magistrate or in a Presidency town, the Commissioner of Police, enter and perform any act specified in sub-section (4).*
57	21 (1)	21 (1)	Restrictions on licensee's controlling or intefering with use of energy.—
			(1) A licensee shall not be entitled to prescribe any special form of appliance for utilising energy supplied by him, or, save as provided by Section 23, sub-section (2), or by section 26, sub-section (7), *or as provided in the conditions of supply sanctioned by the State Government under sub-section (2)*, in any way to control or interfere with the use of such energy: Provided that, no person may adopt any form of appliance, or use the energy supplied to him* so as unduly or improperly to interfere with *the electrical performance for safety of the licensee's electric supply lines or other works or with* the supply *of energy* by the licensee ** to any other person.
58	21(2)	21 (2)	(2) **..**Every licensee may, with the previous sanction of the State Government given after consulting *the State Electricity Board where such a Board has been constituted and* the local authority where the licensee is not the local authority, make con-

1	2	3	4
			ditions not inconsistent with this Act or with his license or with any rules made their under this Act, to regulate his relations with persons who are or intend to become consumers and may with the like sanction given after the like consultation add to or alter or amend any such conditions; and any conditions made by a licensee without such sanction shall be null and void : Provided that, any such conditions made before the 23rd day of January 1922 shall, if sanctioned by the State Government on application made by the licensee before such date as the State Government may, by general or special order, fix, in this behalf, be deemed to have been made in accordance with the provisions of this sub-section. * * * *
59	21 (4)	21 (4)	(4) In sub-section (4), for the word " Electric" before the word " Inspector" the word, " Electrical" should be substituted.
60	..	22A	*Power for Government to direct licensee to supply energy to essential service—* (1) *Notwithstanding anything contained in this Act, or in the Electricity (Supply) Act, 1948 (LIV of 1948), or in any license, or in any contract or agreement for the supply of energy, the provisions of this section shall be deemed to be incorporated in the license of every licensee, the breach of which shall render the license liable to revocation.* (2) *The licensee shall, upon requisition, and in preference to other consumers and in such order of priority inter as the State Government may, by notification specify in this behalf, supply energy required by establishments within his area of supply owned or maintained by the Central or the State Government or other authority, for the purposes of a railway or any other service notified by the State Government to be an essential service.* (3) *Where any difference or dispute arises as to the price or other terms and conditions governing such supply, the licensee shall not be entitled to refuse the supply of energy to the establishment referred to in sub-section (2); but such dispute shall be determined by arbitration...* (4) *Where the contract or agreement, if any, for such supply terminates on account of any reasons, the licensee shall, unless otherwise expressly required by the establishment, or under the written order of the State Government, continue to supply energy upon the same terms and conditions as heretofore.* *Any difference or dispute arising out of the provisions of this sub-section shall be determined by arbitration.*
61	..	22B	*Power for Government to regulate the distribution, supply, consumption or use of energy in emergency;—* *Notwithstanding anything contained in this Act or in the Electricity (Supply) Act, 1948 (LIV of 1948) or in any license or in any contract or agreement or in any requisition for the supply of energy, the State Government may, if in its opinion it is necessary or expedient, make an order to provide for the distribution or supply or for securing the equitable distribution of energy by a licensee or consumption or use of such energy by a consumer.*
62	23(1)	23(1)	Charges for energy to be made without undue preference.— (1) A licensee shall not, in making any agreement for the supply of energy, show undue preference to any person. ***.. ....***. *Where any difference or dispute arises as to whether the licensee has or has not shown undue preference, the matter shall be referred to the Electrical Inspector and decided by him.* * * * *
63	24 (2)	24 (2)	Discontinuance of supply to consumer neglecting to pay charge. * * * * (2) Where any difference or dispute *referrable to an Electrical Ins-*

1	2	3	4	5
			pector under this Act has been refrerred *** to **the* Inspector before notice as aforesaid has been given by the licensee, the licensee shall not exercise the powers conferred by this section until the Inspector has given his decision : Provided, that, the prohibition contained in this sub-section shall not apply in any case in which the licensee has made a request in writing to the consumer for a deposit with the *Electrical* Inspector of the amount of the licensee's charges or other sums in dispute or for the deposit of the licensee's further charges for energy as they accrue and the consumer has failed to comply with such request.	
64	25	25	Exemption of electric supply lines or other apparatus from attachment in certain cases. Where any electric supply lines, meters, fittings, works or apparatus belonging to a licensee are placed in or upon any premises not being in the possession of the licensee, for the purpose of supplying *or utilizing* energy such electric supply lines, meters, fittings, works and apparatus shall not be liable to be taken in execution under any process of any Civil Court or in any proceedings, in insolvency against the person in whose possession the same may be.	
65	26 (4)	26 (4)	Meters— * * * * In sub-section (4), for the word, " Electric" before the word, Inspector, the word, "Electrical" should be substituted.	
66	26(4)	26 (5)	(5) A consumer shall not connect any meter referred to in sub-section (1) with any electric supply line through which energy is supplied by a licensee, or disconnect the same from any such electric supply-line**....**. *Provided that where a consumer requires a licensee to connect or disconnect such meter the licensee shall do so within fortyeight hours of the service of a notice in writing to that effect on him by the consumer.*	
67	26(6)	26 (6)	(6) Where any difference or dispute arises as to whether any meter referred to in sub-section (1) is or is not correct, the matter shall be decided upon the application of either party by an Electrical Inspector **** and where the meter has, in the opinion of such Inspector,** ceased to be correct, such Inspector **shall estimate the amount of the energy supplied to the consumer or the electrical quantity contained in the supply, during such time *not exceeding six months* as the meter shall not, in the opinion of such Inspector *** have been correct ****and his decision shall ***be final ; but, save as aforesaid, the register of the meter shall in the absence of fraud, be conclusive proof of such amount or quantity : Provided that, before either a licensee, or a consumer applies to the Electrical Inspector under this sub-section, he shall give to the other party not less than seven day's notice in writing of his intention so to do.	
68	28	28	Sanction required by non-licensees in certain cases:— (1) No person other than a licensee, shall engage in the business of supplying energy *to the public* except with the previous sanction of the State Government and in accordance with such conditions as the State Government may fix in this behalf, and any agreement to the contrary shall be void: Provided that, such sanction shall not be given within an area— (*a*) for which a local authority is constituted, **....** (*b*) *forming part of any cantonment, fortress, arsenal, dockyard, aerodrome, camp or of any building or place in the occupation of the Central Government for defence purposes,* (*c*) *forming part of a licensee's area, including an area for which a State Electricity Board has been constituted, without the consent of the authority concerned or the licensee as the case may be,* unless the State Government considers that *such* consent has been unreasonably withheld.	

1	2	3	4
			(2) Where any difference or dispute arises as to whether any person is or is not engaging, or about to engage, in the business of supplying energy *to the public*, within the meaning of sub-section (1), the matter shall be referred to the State Government and the decision of the State Government thereon shall be final.
69	29A	29A	In the heading and in the section for the word, " aerial" the word " overhead" should be substituted.
70	30(1)	30(1)	Control of transmission and use of energy—
			(1) No person, other than a licensee, *or a non-licensee* duly authorized under the terms of his license *or his sanction as the case may be*, shall transmit or use energy at a rate exceeding two hundred and fifty watts *and at one hundred volts or above.*
			(*a*) in any street, or
			(*b*) in any place,
			(*i*) in which one hundred or more persons are likely ordinarily to be assembled, or
			(*ii*) which is a factory within the meaning of the * *Factories Act* * (*LXIII*) *of 1948 or*
			(*iii*) which is a mine **..** *subject to the operation of the Mines Act, 1952, or*
			(*iv*) to which the State Government by general or special order, declares the provisions of this sub-section to apply,
			without giving not less than seven days' notice in writing of his intention to the *Electrical Inspector and the* District Magistrate or in a Presidency town, to the Commissioner of Police *with particulars of electrical installation and plant (if any), the nature and the purpose of supply before the commencement of transmission or use of energy*, and *without* complying with such of the provisions of Part IV, and of the rules made thereunder, as may be applicable.
			* * * * * *
71	31	31	Protection of railways * canals, *aerodromes*, docks, wharves and piers.—
			No person shall, in the generation, transmission, supply or use of energy, in any way injure any railway, tramway, canal or waterway or any *aerodrome*, dock, wharf or pier vested in or controlled by a local authority, or obstruct or interfere with the traffic on any railway, tramway, canal,*water-way or *airway*.
72	33	33	Notice of accidents and inquiries.—
			(1) If any accident occurs, in connection with the generation, transmission, supply or use of energy in, or in connection, with, any part of the electric supply lines or other works, of any person, and the accident results or is likely to have resulted in loss of *human* life or personal injury, such person shall give notice of the occurrence, and of any loss of human life or personal injury, actually occasioned by the accident, in such form and within such time as *may be prescribed, to the Electrical Inspector* and to such other authorities as the *Central or the* State Government, *as the case may be*, may by general or special order, direct.
			Notice of electrocution of domestic animals shall also be similarly given.
			(2) *The Central or the* State Government *as the case may be*, may, if it thinks fit, require any Electrical Inspector, or any other competent person appointed by it in this behalf to inquire and report.— * * * *
			(3) *Electrical Inspector or the person appointed under sub-section (2) to hold an inquiry, shall have all the powers of a Civil*

1	2	3	4
			court under the Code of Civil Procedure, 1908, (V of 1908), for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects and every person required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of section 176 of the Indian Penal Code, (XLV of 1860).
73	34	34	Prohibition of connection with earth, and power for Government to interfere in certain cases of default:—
			(1) No person shall, in the generation, transmission, supply or use of energy, permit any part of his electric supply-lines to be connected with earth except so far as may be prescribed in this behalf or may be specially sanctioned by the *Central or the* State Government *as the case may be.*
			(2) If at any time it is established to the satisfaction of the *Central or the* State Government *as the case may be*—
			(*a*) that any part of an electric supply-line is connected with earth contrary to the provisions of sub-section (1), or
			(*b*) that any electric supply-lines or other works for the generation, transmission, supply or use of energy are attended with danger to the public safety or to human life or injuriously affect any telegraph line, or
			(*c*) that any electric supply-lines or other works are defective so as not to be in accordance with the provisions of this Act or of any rule thereunder.
			the *Central or the* State Government as *the case may be*, may, by order in writing, specify the matter complained of and require the owner or user of such electric supply lines or other works to remedy it in such manner as shall be specified in the order, and may also in like manner forbid the use of, *and the supply of energy to,* any electric supply line or works until the order is complied with or for such time as is specified in the order.
74	36	36	Appointment of Electrical Inspectors:—
			(1) The Central Government may by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors *for mines, oilfields, railways, post and telegraph installations, broadcasting installations, and installations belonging to and under the control of the Ministry of Defence,* and every Electrical Inspector so appointed shall **** exercise the powers and perform the functions of an *Electrical* Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct.
75			(2) The State Government may by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors within such areas as may be assigned to them respectively ; and every * *Electrical* Inspector so appointed shall, except in relation to mines, oil-fields, railways, *post and telegraph installations, broadcasting installations and installations belonging to and under the control of the Ministry of Defence* exercise the powers and perform the functions of an Electrical Inspector under this Act subject to such restrictions as the State Government may direct.
76			(3) In sub-section (3), for the word, " Electric" before the word, "Inspector", the word, "Electrical" should be substituted.
77	36A	36A	Central Electricity Board— * * * *
			(2) The Central Electricity Board shall consist of ***—
			(*a*) a chairman to be nominated by the Central Government;

1	2	3	4
			(*b*) one member to be nominated by the Government of each of the States *** *specified in Parts A and B of the first Schedule to the Constitution of India,*
			(*c*) one member, holding office for a period of three years, to be nominated **** *by the Central Government to represent the Government of each of the States specified in Parts C and D of the first Schedule to the Constitution of India,*
			(*d*) one member to be nominated by the *** *Railway Board* and
			(*e*) one member to be nominated by the Chief Inspector of Mines.
			* * * * *
78	37	37	Power for Board to make rules— * * * * * (2) In clauses (i), (j) and (k) of sub-section (2) for the word, " Electric" before the word, " Inspector" the word, " Electrical" should be substituted.
			(3) Any rules made in pursuance of * *clauses* (e), (f),** (g), (h) (i) *and* (j) of sub-section (2) shall be binding on the Government. * * * *
79	42 (c)	42 (c)	Penalty for illegal or defective supply or for non-compliance with order.—
			* * * * *
			(*c*) makes default in complying with any order issued to him under section 22b *or section* 34, sub-section (2).
80	44 (a)	44 (a)	Penalty for interference with meters or licensee's works, and for improper use of energy,—Whoever—
			(*a*) connects any meter referred to in section 26, sub-section (1) or any meter, indicator or apparatus referred to in section 26, sub-section (7), with any electric supply-line through which energy is supplied by a licensee, or disconnects the same from any such electric supply-line**..** ; or
81	44(b)	44 (b)	(*b*) lays, or causes to be laid or connects up any works for the purpose of communicating with any other works belonging to the licensee, **....** or * * * *
82	51	51	Exercise in certain cases of powers of telegraph authority. Not withstanding anything in section 12 to 16 (both inclusive) and sections 18 and 19, the State Government may by order in writing, for the placing of *electric supply lines,* appliances and apparatus for the transmission of energy, *or for the telephonic or telegraphic communications necessary for the proper coordination of his works* confer upon any public officer, *licensee, *non-licensee or other supplier of energy engaged in the business of supplying energy to the public,* subjects to such conditions and restrictions (if any) as the State Government may think fit to impose and to the provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any of the powers which the telegraph authority possesses under that Act, with respect to the placing of telegraph lines and posts for the purposes of telegraph established or maintained by the Government or to be so established or maintained.
83	52	52	Arbitration.—Where any matter is by or under this Act directed to be determined by arbitration, the matter shall, unless it is otherwise expressly provided in the license of a licensee, be determined by such person or persons as the State Government may nominate in that behalf on the application of either party ; but in all other respects the arbitration shall be subject to the provisions of the Arbitration Act, 1940 (X of 1940).
			Provided that, where the Central or the State Government or a State Electricity Board is a party to a dispute, it shall be referred to two arbitrators, one to be appointed by each party to the dispute.
84	54	54	Recovery of sums recoverable under certain provisions of *the* Act. Every sum declared to be recoverable by section 5 [clause (f) section 6 sub-section (2), section 14 sub-section (2) clause (h),

1	2	3	4
			section 16 sub-section (2), section 18 sub-section (2) or sub-section (4), or section 26 sub-section (4), and every fee leviable under this Act, may be recovered, on application to a Magistrate having jurisdiction where the person liable to pay the same is for the time being resident, by the distress and sale of any moveable property belonging to such person *and the Magistrate shall intimate the facts of the recoveries to the authorities concerned.*
85	55	55	In this section for the word, " Electric" the word, " Electrical" should be substituted.
			THE SCHEDULE
86	clause 1	clause 1	Security for execution of works of licensee not being local authority. Where the licensee is not a local authority, the following provisions as to giving security shall apply, namely:— * * * * * * * (*c*) The said sum deposited or secured by the licensee under the provisions of this clause shall be repaid or released to him on the completion of the works or at such earlier date or dates and by such instalments, as may be approved by the State Government : *Provided that, if the compulsory works in the area of supply are not completed or if the supply of energy is not commenced by licensee by the due date, the State Government may forfeit the whole or part of the amount so deposited or secured.*
87	Cl. II(b)	Cl. II (b)	Audit of accounts of licensee not being local authority. Where the licensee is not a local authority, the following provisions as to the audit of accounts shall apply, namely:— * * * * (*b*) The licensee shall afford to the auditor, his clerks and assistants, access to all such books and documents *including technical data and statements of energy generated and sold* relating to the undertaking as are necessary for the purposes of the audit, and shall, when required, furnish to him and them all vouchers and information requisite for that purpose and afford to him and them all facilities for the proper execution of his or their duty. * * * *
88	Cl. III	Cl. III	Separate accounts.—The licensee shall, unless the State Government otherwise directs, at all times keep the accounts of ****his electricity supply* undertaking distinct from the accounts kept by him of any other undertaking or business.
89	Cl. V (1)	Cl. V (1)	Provisions as to laying down of further distributing mains— (1) Where, after the expiration of two years and six months from the commencement of the license, a requisition is made by **two* or more owners or occupiers of premises in or upon any street or part of a street within the area of supply or by the State Government or a local authority charged with the public lighting thereof, requiring the licensee to provide distributing mains throughout a such street or part thereof, the licensee shall comply within six months with the requisition, unless, (*a*) where it is made by such owners or occupiers as aforesaid, the owners or occupiers making it do not, within fourteen clear days after the service on them by the licensee of a notice in writing in this behalf, tender to the licensee or a written contract, *in a form approved by the State Government*, duly executed and with sufficient security binding themselves to take, or guaranteeing that there shall be taken, a supply of energy for not less than two years to such amount as will in the aggregate produce annually *revenue, not exceeding 15 per centum of the cost of the distributing mains required to comply with the requisition,* to the licensee: *Provided that, the step up or step down transformers and other substations equipment shall not be deemed to form part of the distributing mains for the purpose of calculating the guaranteed revenue, or*

1	2	3	4
89	Cl. V(1)	Cl. V(1) Contd.	(*b*) where it is made by the State Government or a local authority, the State Government or *the* local authority, as the case may be, does not, within *** *fourteen clear days after the service on it by the licensee of a notice in writing in this behalf*; tender *to the licensee* a **written contract, (plain) in a form approved by the State Government duly executed* binding itself to take a supply of energy for not less than seven years for the public lamps in such street or part thereof.
90	Cl. V(2)	Cl. V(2)	Where any difference or dispute arises between the licensee and such owners or occupiers as to the sufficiency of security offered under this clause *or as to the cost of distributing mains* or as to the amount of energy to be taken or *the, revenue to be* guaranteed as aforesaid, the matter shall be referred to the *** *Electrical Inspector and decided by him.*
			* * * * *
91	Cl. VI(1)	Cl. VI (1)	Requisition for supply to owners or occupiers in vicinity.—
			(1) Where after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced, a requisition is made by the owner or occupier of any premises situate within the area of supply requiring the licensee to supply energy for such premises, the licensee shall, within one month from the making of the requisition or within such longer period as the Electrical Inspector may allow, *lay down the service line including the meter board free of any charges to the person making the requisition and* supply, and, save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply energy in accordance with the requisition.
			Provided first that, the licensee shall not be bound to comply with any such requisition, unless and until the person making it *within fourteen days after the service on him, by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the State Government duly executed and with sufficient security binding himself to take a supply of energy for not less than two years to such amount as will produce *annually* a **** *revenue to the licensee for the supply of energy not exceeding 15 per centum of the cost of service line required to comply with the* requisition.*
			.....
			Provided secondly that * * * *
92	Cl. VI (1)	Cl. VI (1)	Provided thirdly, that the maximum rate per unit of time at which the owner or occupier shall be entitled to be supplied with energy shall not exceed what is necessary for the maximum consumption on his premises, and, where the owner or occupier has required a licensee to supply him at a specified maximum rate, he shall not be entitled to alter that maximum, except after one month's notice in writing to the licensee, and the licensee may ** *require* the owner or occupier **** *to guarantee additional revenue from the supply of energy as will produce annually,* **..... ....** *a revenue not exceeding 15 per centum of the cost of augmentation of the service line, or* in respect of any fittings or apparatus of the licensee upon that property ; and
93	Cl. VI (1)	Cl. VI (1)	Provided fourthly that if any requisition is made for a supply of energy and the licensee can prove, to the satisfaction of an Electrical Inspector,
			* * * * *
94	Cl. VI (2)	Cl. VI (2)	(2) Subject to the provisions of the second proviso to clause (d) of sub-section (1) of section 5 and the second proviso to sub-section (2) of section 7, any service line laid for the purpose of supply in pursuance of a requisition **** *made before* (the date of amendment to be inserted) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition, *become the property of the licensee and shall* be maintained by ** *him.*
95	Cl. VI (3)	Cl. VI (3)	(3) Where any difference or dispute arises as to the amount of energy to be taken or *the revenue to be* guaranteed as aforesaid,

1	2	3	4
95	Cl. VI(3) Contd.		*or as to the position of a meter board and any service line on a consumers premises* or as to the cost of **the* service line *for the purpose of arriving at the revenue to be guaranteed* or as to the sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires, fittings, works, or apparatus, or as to the amount of the expenses incurred under the third proviso to sub-clause (1), the matter shall be referred to an Electrical Inspector and decided by him: *Provided that, before either a licensee or a consumer applies to the Electrical Inspector under this sub-clause, he shall give to the other party not less than fifteen days notice in writing of his intention so to do.*
95A	Cl. VII	Cl. VII	Further provisions as to laying of service lines.—The licensee shall, before commencing to lay down or place a service-line, in any Street in which a distributing main has not already been laid down or placed, serve upon the local authority (if any) and upon the owner or occupier of all premises abutting on so much of the street as lies between the points of origin and termination of the service-line so to be laid down or placed, twenty one day's notice stating that the licensee intends to lay down or place a service line, and intimating that, if within the said period the local authority or any * *two* or more of such owners or occupiers require, in accordance with the provisions of the license, that a supply shall be given for any public lamps or to their premises, as the case may be, the necessary distributing main will be laid down or placed by the licensee at the same time as the service-line.
			Supply for public lamps— * * *
96	Cl. VIII(2)	Cl. VIII(2)	(2) The provisions of *** the first proviso, of sub-clauses (c) and (d) of the second proviso, and of the third and fourth provisos to sub-clause (1) and the provisions of sub-clauses (2) and (3) of clause VI shall, so far as may be, apply to every case in which a requisition for the supply of energy is made under this clause as if the State Government or *the* local authority were an owner or occupier within the meaning of those provisions.
97	Cl. VIII (3)	Cl. VIII(3)	(3) *If so required by the State Government or the local authority as the case may be, a licensee shall place and maintain on his supports the mains and other equipments for public lamps where the State Government or the local authority has complied with the provisions of sub-clauses (1) and (2) above, and in the event of any difference or dispute in this respect, the matter shall be referred to arbitration by either party.*
98	Cl. IX(1)(b)	Cl. IX(1)(b)	Special provisions applying to supply by bulk-licensees.— (1) Where, and, in so far as, the licensee (hereinafter in this clause referred to as " the bulk-licensee") is authorized by his license to supply energy to other licensees for distribution by them (hereinafter in this clause referred to as " distributing licensee") the following provisions shall apply, namely:— * * * * * (*b*) Such distributing licensee shall, if required by the bulk licensee so to do, enter into a written agreement to receive and pay for a supply of energy for a period of not less than seven years of such an amount that the payment to be made for the same at the rate of charge for the time being charged for such supply shall not be less than such an amount as will produce a ** *revenue not exceeding 15 per centum per annum* to the bulk licensee on the outlay (excluding expenditure on generating plant then existing and any electric supply line then laid down or placed) incurred by him in making provisions for such supply. * * * * *
99	Cl. IX(3)	Cl. IX(3)	(3) To be deleted.
			Methods of Charging.— * * * *
100	Cl. X (2)	Cl. X (2)	(2) Before commencing to supply energy through any distributing main the licensee shall give notice, by public advertisement, of the

1	2	3	4
100	Cl. X(2)	Cl. X(2)—*contd.*	method by which he proposes to charge for energy so supplied, and, where the licensee has given such notice, he shall not be entitled to change that method of charging without giving not less than one month's notice in writing of such change to the State Government, *the Electrical Inspector, the State Electricity Board where such a Board has been constituted,* to the local authority (if any) concerned, and to every consumer of energy who is supplied by him from such distributing main. * * * *
101	Cl. XA	Cl. XA	*Notice of alterations in charges for supply of energy—* *The licensee shall give one month's notice in writing of his intention to alter his charges for the supply of energy to any consumer concerned, to the State Government, the Electrical Inspector and to the State Electricity Board where such a Board has been constituted:* *Provided that, in the case of a bulk licensee the period of such notice shall be three months.*
102	Cl. XI	Cl. XI	Repealed.
103	Cl. XIA	Cl. XIA	Minimum charges.—*Where a consumer is not required to pay any other minimum charge for the supply of energy under any of the other provisions of this Act* the licensee may charge * *him* a minimum charge for energy of such amount and determined in such manner as may be *** *directed by the State Government from time to time* and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer *up to the amount of the minimum charge at current rates,* during the period for which such minimum charge is made.
104	Cl. XII	Cl. XII	Charge for supply for public lamps.—The price to be charged by the licensee and to be paid to him for energy supplied for the public lamps, *and other charges in connection with the same* and the mode in which those charges are to be ascertained, shall be settled by agreement between the licensee and the State Government or the local authority, as the case may be and where any difference or dispute arises, the matter shall be determined by arbitration.
105	Cl. XIII	Cl. XIII	Licensee to establish testing stations and keep instruments for testing.— For the word, "Electric" before the word, "Inspector" the word, "Electrical" should be substituted.
106	Cl. XIV	Cl. XIV	Facilities for testing.—The licensee shall afford all facilities for inspection and testing of his works and for the reading, testing and inspection of his instruments, *by an Electrical Inspector, or other person duly authorized by him* and may, on each occasion of the testing of his works or the reading, testing or inspection of any instruments, be represented by an agent, who may be present, but shall not interfere with the reading, testing, or inspection.
107	Cl. XV	Cl. XV	Testing of works.—On the occasion of the testing of any works of the licensee by an *Electrical Inspector or other person duly authorized by him,* reasonable notice thereof shall be given to the licensee ; and the testing shall be carried out at such suitable hours as in the opinion of the *Electrical Inspector, or other person duly authorized by him,* will least interfere with the supply of energy by the licensee, and in such manner as the *Electrical Inspector or other person duly authorized by him,* may think fit, but, except under the provisions of an order made in each case in that behalf by the State Government, the *Electrical Inspector or other person duly authorized by him,* shall not be entitled to have access to or interfere with, the works of the licensee at any points other than those at which the licensee himself has access to the same : Provided that, the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by, or required by the *Electrical Inspector or other person duly authorized by him,* for the purpose of any such testing as aforesaid : Provided also that, the testing shall not be made in regard to any particular portion of the works oftener than once in

1	2	3	4
107	Cl. XV	Cl. XV—*contd.*	any three months, unless in pursuance of an order made in each case in that behalf by the State Government.
108	Cl. XVI	Cl. XVI	Plan of area of supply to be made and kept open for inspection.—In sub-clauses (1) and (5), for the word "Electric" before the word, "Inspector" the word, " Electrical" should be substituted.
109	Cl. XVII	Cl. XVII	For the word, "Electric" before the word, "Inspector" the word, "Electrical" should be substituted.

सत्यमेव जयते

Appendix IX

Draft of

The Indian Electricity (Amendment) Bill, 1955.

सत्यमेव जयते


सत्यमेव जयते

DRAFT
THE INDIAN ELECTRICITY (AMENDMENT) BILL, 1955.

A

BILL

Further to amend the Indian Electricity Act, 1910.

Be it enacted by Parliament in the Sixth Year of the Republic of India as follows :—

1. *Short title.*—This Act may be called the Indian Electricity (Amendment) Act, 1955.

2. *Amendment of Section 1, Act IX of 1910.*—For sub-section (3) of section 1 of the Indian Electricity Act, 1910 (hereinafter referred to as the said Act), the following sub-section shall be substituted, namely :—

"(3) It shall come into force at once."

3. *Amendment of Section 2, Act IX of 1910.*—For section 2 of the said Act, the following section shall be substituted, namely :—

4. *Definition.* (1).—In this Act, expressions defined in the Indian Telegraph Act, 1885 (XIII of 1885), have the meanings assigned to them in that Act, and, unless there is anything repugnant in the subject or context,—

(*a*) "area of supply" means the area within which alone a licensee is for the time being authorised by his license to supply energy ;

(*b*) "consumer" means any person who is supplied with energy by a licensee, non-licensee or other supplier of energy engaged in the business of supplying energy to the public under this Act or any other enactment or whose premises is for the time being connected for the purpose of receiving a supply of energy from the works of a licensee, non-licensee or other supplier of energy ;

(*c*) "daily fine" means a fine for each day on which an offence is continued after conviction therefor ;

(*d*) "date of vesting" means the date on which the undertaking, or part thereof, of a licensee vests in the State Electricity Board, the State Government or any other purchaser as the case may be ;

(*e*) "distributing main" means the portion of any main with which a service-line is, or is inended to be, immediately connected ;

(*f*) "electric supply-line" means a wire, conductor, or other means used for conveying, transmitting or distributing energy either by overhead line or lines or by underground cable or cables, together with any casing, coating, covering, tube, pipe or insulator enclosing, surrounding or supporting the same or any part thereof, including any supports, brackets, crossarms, stays, struts, safety devices or mechancial or electrical contrivances used in connection therewith, or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing such energy ;

(*g*) "energy" means electrical energy when generated, transmitted, supplied or used for any purpose except the transmission of a message ;

(*h*) "licensee " means any person licensed under Part II to engage in the business of supplying energy to the public.

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

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

(*i*) "main" means any electric supply-line through which energy is, or is intended to be supplied to the public ;

(*j*) "non-licensee" means a person generating, transmitting, supplying or using energy to whom any of the provisions of Part III of the Act apply ;

(*k*) "overhead line" means any electric supply-line which is placed above ground and in the open air ;

(*l*) "prescribed" means prescribed by rules made under this Act ;

(*m*) "public lamp" means an electric lamp used for the lighting of any street ;

(*n*) "service-line" means any electric supply-line through which energy is, or is intended to be supplied—

(*i*) to a single consumer either from a distributing main or immediately from the supplier's premises, on

(*ii*) from a distributing main to a group of consumers on the same premises or on adjoining premises supplied from the same point of the distributing main ;

(*o*) "State Electricity Board" means the State Electricity Board constituted under section 5 of the Electricity (Supply) Act, 1948 (LIV of 1948) ;

(*p*) "street" includes any way, road, lane, square, court, alley, passage or open space, whether a thoroughfare or not, over which the public have a right of way, and also the roadway and footway over any public bridge or cause way ; and

(*q*) "works" includes electric supply-lines and any buildings, plant, machinery or apparatus rquired for the purposes of supplying energy by a licensee, non-licensee or other supplier of energy engaged in the business of supplying energy to the public and to carry into effect the objects of the Act.

(2) Other expressions not defined in this Act but defined in the Electricity (Supply) Act, 1948 (LIV of 1948) shall have the meanings assigned to them in that Act".

4. *Amendment of Section 3, Act IX of 1910.*—In sub-section (2) of Section 3 of the said Act,

(*i*) the word "and" occurring at the end of the proviso to sub-clause (*i*) of clause (*a*) shall be omitted ;

(*ii*) for sub-clause (*ii*) of clause (*a*), the following sub-clause shall be substituted, namely :—

"(*ii*) Until in the case of an application for a license for an area, including the whole or any part of any cantonment, fortress, arsenal, dockyard, aerodrome, camp or of any building or place in the occupation of the Central Government for defence purposes, the State Government has ascertained that there is no objection to the grant of the license on the part of the Ministry of Defence; and" ;

(*iii*) to clause (*a*) the following sub-clause shall be added and numbered as (*iii*), namely:—

"(*iii*) Without the consent of the State Electricity Board, where such a Board has been constituted, unless the State Government considers that such consent has been unreasonably withheld."

(*iv*) for sub-clause (*i*) of clause (*d*), the following sub-clause shall be substituted, namely :—

"(*i*) may prescribe such terms as to the limits within which and the conditions under which, the supply of energy is to be compulsory or permissive, and generally, as to such matters, excepting the maximum limits of price to be charged for energy supplied, as the State Government may think fit, and" ;

5. *Amendment of Section 4, Act IX of 1910.*—For section 4 of the said Act, the following sections numbered as 4 and 4A shall be substituted, namely :—

"4. Revocation of licenses.—(1) The State Government may if in its opinion the public interest so requires revoke a license, after consulting the State Electricity Board where such a Board has been constituted, in any of the following cases, namely :

(*a*) where the licensee, in the opinion of the State Government makes wilful and unreasonably prolonged default in doing anything required of him by or under this Act ;

(*b*) where the licensee breaks any of the terms or conditions of his license the breach of which is expressly declared by such license to render it liable to revocation ;

(*c*) where the licensee fails, within the period fixed in this behalf by his license or any longer period which the State Government may substitute therefor by order under sub-section (3), clause (*b*), and before exercising any of the powers conferred on him thereby in relation to the execution of works,—

(*i*) to show, to the satisfaction of the State Government, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his license, or

(*ii*) to make the deposit or furnish the security required by his license ;

(*d*) Where in the opinion of the State Government, the financial position of the licensee is such that he is unable , fully and efficiently to discharge the duties and obligations imposed on him by his license :

Provided that, no license shall be revoked unless the State Government has first given to the licensee at least three months' notice in writing of its intention to revoke the license stating the grounds therefor and has considered any cause shown by the licensee against the proposed revocation.

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

4A. *Alteration or amendment of licenses.*—(1) Where in its opinion the public interest so requires, the State Government may, after consulting the State Electricty Board where such a Board has been constituted and the local authority (if any) concerned, if it is not a licensee, make such alterations or amendments in the terms and conditions of a license, including the provisions specified in Section 3, sub-section (2), clause (*f*), as it thinks fit :

Provided that, such alterations or amendments shall not be made without the consent of the licensee unless the State Government considers that such consent has been unreasonably withheld.

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

(3) (*a*) If a licensee desires that any alterations or amendments should be made in the terms of his license he shall submit a written application to the State Government and shall publish a notice of his application in the prescribed manner and with the prescribed particulars.

(*b*) If the alterations or amendments are in the nature of a change in the licensee's area of supply the State Government shall not make such alterations or amendments to the license—

(*i*) until all objections received by the State Government with reference thereto have been considered by it ;

(*ii*) until, in the case of an application involving alterations or amendments to an area including the whole or any part of any cantonment, fortress, arsenal, dockyard, aerodrome, camp or of any building or place in the occupation of the Central Government for defence purposes, the State Government has ascertained that there is no objection to such alterations or amendments on the part of the Ministry of Defence ;

(*iii*) without the consent of the State Electricty Board, where such a Board has been constituted unless the State Government considers that such consent has been unreasonably withheld."

6. *Amendment of Section 5, Act IX of 1910.*—For section 5 of the said Act, the following section shall be substituted, namely :—

"5. *Provisions where license of a licensee is revoked.*—(1) Where the State Government revokes, under section 4, the license of a licensee, the following provisions shall have effect, namely :—

(*a*) The State Government shall serve a notice in writing of the revocation upon the licensee and shall in the notice fix a date on which the revocation shall take effect ; and on and with effect from that date or on and with effect from the date, if earlier, on which the undertaking of the licensee is sold to a purchaser in pursuance of clause (*b*) or is delivered to a designated purchaser in pursuance of clause (*c*), all the powers and liabilities of the licensee under this Act, shall absolutely cease and determine ;

(*b*) the State Government may by notice in writing require the licensee to sell and thereupon the licensee shall sell the undertaking or part thereof, as the case may be—

(*i*) to the State Electricity Board, or where no such Board has been constituted to the State Government;

(*ii*) to the local authority where either the State Electricity Board or the State Government is not willing to purchase the undertaking and where the whole of the area of supply is included in the area for which a single local authority is constituted ;

(*iii*) to any other person where neither the State Electricity Board nor the State Government nor the local authority is willing to purchase the undertaking :

Provided that, where the licensee is required by the State Government to sell a part of his undertaking he shall, have the option to require the purchaser to purchase the whole of the undertaking ;

(*c*) where the State Government issues any notice under clause (*b*), it may by such notice require the licensee to deliver, and thereupon the licensee shall deliver, by a date specified in the notice the undertaking or part thereof to the designated purchaser pending the determination and payment of the purchase price of the undertaking upon such terms and conditions as the State Government may specify in this behalf ;

(*d*) The purchase price of the undertaking or part thereof, as the case may be, shall be the value of all lands buildings, works, materials and plant of the licensee suitable to, and used by him for the purposes of the undertaking or part thereof as the case may be, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be, in case of difference or dispute, determined by arbitration :

Provided that, the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market-value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking or part thereof, but without any addition in respect of compulsory purchase or of goodwill or of any profits which may be or might have been made from the undertaking or part thereof, or of any similar considerations :

Provided also that, there shall be deducted from such value, contributions made by consumers towards the cost of construction of service-lines.

(2) Where the State Government revokes the license, in whole or part, of a local authority under Section 4, the State Government may issue notice under the provisions of clause (*b*) of sub-section (1) and fix such terms and conditions of sale as the State Government thinks just.

(3) Where a sale has been directed in pursuance of clause (*b*) of sub-section (1) then upon the completion of the sale ; or upon the date on which the undertaking or part thereof, as the case may be, is delivered to the designated purchaser in pursuance of clause (*c*) of sub-section (1) :—

(*i*) the undertaking or part thereof, as the case may be, shall vest in the purchaser free from any debts mortgages or similar obligations of the licensee or attaching to the undertaking :

Provided that, any such debts, mortgages or similar obligations shall attach to the purchase money in substitution for the undertaking, or part thereof as the case may be ; and

(*ii*) the rights, powers, authorities, duties and obligations of the licensee for the whole of the undertaking or part thereof, as the case may be, under his license shall pass on to the purchaser and he shall be deemed to be the licensee for whole or part of the undertaking as the case may be.

(4) If no order for sale is made under clause (*b*) of sub-section (1) before the date fixed in the notice under clause (*a*) of sub-section (1) on which the revocation shall take effect, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit :

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

7. Amendment of section 6, Act IX of 1910 :—

For section 6 of the said Act, the following section shall be substituted, namely :—

"6. Provisions for purchase of undertaking of a local authority.—

(1) Where a scheme sanctioned under section 29 of the Electricity (Supply) Act, 1948 (LIV of 1948) provides for a purchase,by the State Electricity Board, of a local authority licensee's whole under takingor part thereof, the State Government may require the local authority to sell and thereupon the local authority shall sell the whole undertaking or part thereof as the case may be to the State Electricity Board, upon such terms and conditions as the State Government thinks just.

(2) Where a purchase of the whole undertaking has been effected under sub-section (1) the license of the local authority shall be deemed to have expired on the date of vesting."

8. *Amendment of Section 7, Act IX of 1910.*—For section 7 of the said Act, the following section shall be substituted, namely :—

"7. Provisions for purchase of undertaking of a licensee, not being a local authority .—

(1) Where a license has been granted to any person, not being a local authority, the State Electricity Board shall, on the expiration of such period not exceeding twenty years, and of every such subsequent period not exceeding ten years as shall be specified in this behalf in the license granted after (*the date of amendment to be inserted*), and in the case of a license granted before the aforesaid date, on the expiration of such periods as specified therein, have the option of purchasing the undertaking, and, if the State Electricity Borad elects to purchase, the licensee shall sell the undertaking to the State Electricity Board.

(2) The purchase price of the undertaking shall be the value of all lands, buildings, works, materials and plant of the licensee suitable to, and used by him for the purposes of the undertaking, other than a generating station declared by the license not to form part of the undertaking for the purpose of purchase, such value to be, in case of difference or dispute, determined by arbitration :

Provided that, the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market-value at the time of purchase, due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking ;

Provided further that, there shall be deducted from such value, contributions made by consumers towards the cost of construction of service lines ;

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

(3) Where a State Electricity Board has not been constituted, the State Government shall have the like option upon the like terms and conditions.

(4) Where the State Electricity Board or the State Government does not elect to purchase under sub-section (1) or under sub-section (3) as the case may be and where the whole of the area of supply is included in the area for which a single local authority is constituted, the local authority shall have the like option upon the like terms and conditions.

(5) Where the State Electricity Board or the State Government or the local authority as the case may be, has elected to purchase the undertaking under this section, it shall serve upon the licensee a notice in writing of not less than twelve months of its having elected to purchase ;

Provided that, where the State Electricity Board has elected to purchase , it shall intimate in writing to the State Government that it has elected to purchase the undertaking under sub-section (1) at least eighteen months before the expiry of any of the periods referred to in subsection (1) :

Provided further that, where the local authority has elected to purchase, it shall intimate in writing to the State Government that it has elected to purchase the undertaking under sub-section (4) at least fifteen months before the expiry of any of the periods referred to in sub-section (1).

(6) Where the State Electricity Board or the State Government or the local authority, having elected to purchase, serves a notice under sub-section (5), the licensee shall deliver the undertaking on the day of the expiry of any of the periods referred to in sub-section (1) to the State Electricity Board or the State Government or the local authority as the case may be, pending the determination and payment of the purchase price of the undertaking upon such terms and conditions as the State Government may specify in this behalf.

(7) Where a purchase has been effected under sub-section (1) or sub-section (3) or sub-section (4).—

(*a*) the undertaking shall vest in the purchaser free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking :

Provided that, any such debts, mortgages, or similar obligations shall attach to the purchase money in substitution for the undertaking ; and

(*b*) save as aforesaid, the license shall remain in force, and the purchaser shall be deemed to be the licensee."

9. *Amendment of Section 8, Act IX of 1910.*—For section 8 of the said Act, the following section shall be substituted, namely :—

"8. Provision where no purchase effected and license revoked with consent of licensee.—Where, on the expiration of any of the periods referred to in section 7, sub-section (1), neither the State Electricity Board nor the State Government nor the local authority purchases the undertaking and the license is, on the application or with the consent of the licensee, revoked, the licensee shall have the option of disposing of all lands, buildings, works, materials and plant belonging to the undertaking in such manner as he may think fit :

Provided that, if the licensee does not exercise such option within a period of six months, the State Government may proceed to take action as provided in the proviso to sub-section (4) of Section 5.

10. *Amendment of section 9 Act IX of 1910.*—In sub-section (1) of section 9 of the said Act for the words "one month's notice of the application to" the words,"one month's notice in writing of the application to the State Electricity Board where such a Board has been constituted and to" shall be inserted.

11. *Amendment of Section 12, Act IX of 1910.*—In the first proviso to sub-section (2) of section 12 of the said Act for the word "aerial" the word "overhead" shall be substituted.

12. *Amendment of Section 13, Act IX of 1910.*—In section 13 of the said Act,

(*i*) in clause (*f*) of sub-section (1), the words, "notwithstanding the provisions of this sub-clause, the licensee shall, in the execution of all works, in, under, over, along or across a railway, be bound by the provisions of sub-clauses (*a*) to (*e*)" shall be added at the end.

(*ii*) In sub-section (3), for the word, "aerial" the word, "overhead" shall be substituted.

13. *Amendment of Section 18, Act IX of 1910.*—In section 18 of the said Act, for the word, "aerial" the word "overhead" shall be substituted.

14. *Amendment of Section 20, Act IX of 1910.*—In section 20 of the said Act, the following sub-sections shall be added and numbered as (4) and (5), namely :—

"(4) A licensee or any person duly authorised by a licensee may, at any reasonable time and on informing the occupier of his intention, enter any premises or lands under, over, along, across, in or upon which the electric supply lines or other works have been lawfully placed by him for the purposes of examining, repairing, altering or removing such electric supply-lines or other works.

(5) Where an occupier refuses to allow a licensee or any person duly authorised as aforesaid to enter and after having entered to perform any act which he is authorised by sub-section (4), the licensee or any person authorised as aforesaid may, in pursuance of a special order in this behalf obtained from the District Magistrate or in a Presidency town, the Commissioner of Police, enter and perform any act specified in sub-section (4)".

15. *Amendment of section 21, Act IX of 1910.*—In section 21 of the said Act.

(*i*) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely :—

"(1) A licensee shall not be entitled to prescribe any special form of appliance for utilising energy supplied by him, or, save as provided by Section 23, sub-section (2), or by section 26, sub-section (7), or as provided in the conditions of supply sanctioned by the State Government under sub-section (2), in any way to control or interfere with the use of such energy :

Provided that, no person may adopt any form of appliance, or use the energy supplied to him so as unduly or improperly to interfere with the electrical performance or safety of the licensee's electric supply-lines or other works or with the supply of energy by the licensee to any other person.

"(2) Every licensee may, with the previous sanction of the State Government given after consulting the State Electricity Board where such a Board has been constituted and the local authority where the licensee is not the local authority, make conditions not inconsistent with this Act or with his license or with any rules made under this Act, to regulate his relations with persons who are or intend to become consumers and may with the like sanction given after the like consultation add to or alter or amend any such conditions ; and any conditions made by a licensee without such sanction shall be null and void :

Provided that, any such conditions made before the 23rd day of January 1922 shall, if sanctioned by the State Government on application made by the licensee before such date as the State Government may, by general or special order, fix in this behalf, be deedmed to have been made in accordance with the provisions of this sub-section."

(*ii*) in sub-section (4), for the word "Electric" before the word, "Inspector" the word, "Electrical" shall be substituted.

16. *Insertion of new sections 22A & 22B in Part II, Act IX of 1910.*—After section 22 of the said Act, the following sections shall be inserted in Part II of the said Act, namely :—

"22A. Power for Government to direct licensee to supply energy to essential service—

(1) Notwithstanding anything contained in this Act, or in the Electricity (Supply) Act, 1948 (LIV of 1948), or in any license, or in any contract or agreement for the supply of energy, the provisions of this section shall be deemed to be incorporated in the license of every licensee, the breach of which shall render the license liable for revocation.

(2) The licensee shall, upon requisition, and in preference to other consumers and in such order of priority *inter se* as the State Government may, by notification specify in this behalf, supply energy required by establishments within his area of supply, owned or maintained by the Central or the State Government or other authority, for the purposes of a railway or any other service notified by the State Govenment to be an essential service.

(3) Where any difference or dispute arises as to the price or other terms and conditions governing such supply, the licensee shall not be entitled to refuse the supply of energy to the establishment referred to in sub-section (2) ; but such dispute shall be determined by arbitration.

(4) Where the contract or agreement, if any for such supply terminates on account of any reasons, the licensee shall, unless otherwise expressly required by the establishment, or under the written order of the State Government, continue to supply energy upon the same terms and conditions as heretofore.

Any difference or dispute arising out of the provisions of this sub-section shall be determined by arbitration.

22B. Power for Government to regulate the distribution, supply, consumption or use of energy in emergency—Notwithstanding anything contained in this Act or in the Electricity (Supply) Act, 1948 (LIV of 1948) or in any license or in any contract or agreement or in any requisition, for the supply of energy, the State Government may, if in its opinion it is necessary or expedient, make an order to provide for the distribution or supply or for securing the equitable distribution of energy by a licensee or consumption or use of such energy by a consumer."

17. *Amendment of Section 23, Act IX of 1910.*—In section 23 of the said Act, for sub-section (1), the following sub-section shall be substituted, namely :—

"(1) A licensee shall not, in making any agreement for the supply of energy, show undue preference to any person.

Where any difference or dispute arises as to whether the licensee has or has not shown undue preference, the matter shall be referred to the Electrical Inspector and decided by him."

18. *Amendment of section 24, Act IX of 1910.*—In Section 24 of the said Act, for sub-section (2), the following sub-section shall be substituted, namely :—

"(2) Where any difference or dispute referable to an Electrical Inspector under this Act has been referred to the Inspector before notice as aforesaid has been given by the licensee, the licensee shall not exercise the powers conferred by this section until the Inspector has given his decision :

Provided that, the prohibition contained in this sub-section shall not apply in any case in which the licensee has made a request in writing to the consumer for a deposit with the Electrical Inspector of the amount of the licensee's charges or other sums in dispute or for the deposited the licensee's further charges for energy as they accrue, and the consumer has failed to comply with such request.

19. *Amendment of Section 25, Act IX of 1910.*—In Section 25 of the said Act, after the words, "for the purpose of supplying" the words, "or utilizing" shall be inserted.

20. *Amendment of Section 26, Act IX of 1910.*—In section 26 of the said Act.—

(*i*) in sub-section (4) for the word, "Electric" before the word, "Inspector" the word, "Electrical" shall be substituted.

(*ii*) for sub-sections (5) and (6) the following sub-sections shall be substituted, namely :—

"(5) A consumer shall not connect any meter referred to in sub-section (1) with any electric supply-line through which energy is supplied by a licensee or disconnect the same from any such electric supply-line ;

Provided that, where a consumer requires a licensee to connect or disconnect such meter the licensee shall do so within forty-eight hours of the service of a notice in writing to that effect on him by the consumer."

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

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

21. *Amendment of section 28, Act IX of 1910.*—In Section 28 of the said Act,

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

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

Provided that, such sanction shall not be given within an area—

(*a*) for which a local authority is constituted,

(*b*) forming part of any cantonment, fortress, arsenal, dockyard, aerodrome camp or of any building or place in the occupation of the Central Government for defence purposes.

(*c*) forming part of a licensee's area, including an area for which a State Electricity Board has been constituted, without the consent of the authority concerned or the licensee as the case may be, unless the State Government considers that such consent has been unreasonably withheld.

(*ii*) in sub-section (2) after the words, "business of supplying energy" the words, "to the public" may be inserted.

22. *Amendment of section 29A, Act IX of 1910.*—In section 29A of the said Act, for the word, "aerial"the word, "overhead" shall be substituted.

23. *Amendment of Section 30, Act IX of 1910.*—For sub-section (1) of section 30 of the said Act, the following sub-section shall be substituted, namely :—

"(1) No person, other than a licensee, or a non-licensee duly authorised under the terms of his license or his sanction as the case may be shall transmit or use energy at a rate exceeding two hundred and fifty watts and at one hundred volts or above,

(*a*) in any street, or

(*b*) in any place,

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

(*ii*) which is a factory within the meaning of the Factories Act (LXIII) of 1948, or

(*iii*) which is a mine subject to the operation of the Mines Act, 1952, or

(*iv*) to which the State Government by general or special order, declares the provisions of this sub-section to apply, without giving not less than seven days' notice in writing of his intention to the electrical Inspector and the District Magistrate or in a Presidency town, to the Commissioner of Police with particulars of electrical installation and plant (if any) the nature and the purpose of supply before the commencement of transmission or use of energy, and without complying with such of the provisions of Part IV, and of the rules made there under, as may be applicable."

24. *Amendment of Section 31, Act IX of 1910.*—For section 31 of the said Act, the following section shall be substituted, namely :—

"31. Protection of railways, canals, aerodromes, docks, wharves and piers.—No person shall, in the generation, transmission, supply or use of energy, in any way injure any railway, tramway, canal or water-way or any aerodrome, dock, wharf or pier vested in or controlled by a local authority, or obstruct or interfere with the traffic on any railway, tramway, canal, water-way or airway."

25. *Amendment of section 33, Act IX of 1910.*—For section 33 of the said Act, the following section shall be substituted, namely :—

"33. Notice of accidents and inquiries.—

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

Notice of electrocution of domestic animals shall also be similarly given.

(2) The Central or the State Government as the case may be, may, if it thinks fit, require any Electrical Inspector or any other competent person appointed by it in this behalf, to inquire and report—

(a) as to the cause of any accident affecting the safety of the public, which may have been occasioned by, or in connection with, the generation, transmission, supply or use of energy, or

(b) as to the manner in, and extent to, which the provisions of this Act or of any license or rules thereunder, so far as those provisions affect the safety of any person, have been complied with.

(3) Electrical Inspector or the person appointed under sub-section (2) to hold an inquiry, shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908, (V of 1908), for the purpose of enforcing the attendance of witnesses and compelling the production of documents and material objects and every person, required by such person as aforesaid to furnish any information shall be deemed to be legally bound to do so within the meaning of section 176 of the Indian Penal Code, (XLV of 1860).

26. *Amendment of section 34, Act IX of 1910*—For section 34 of the said Act, the following section shall be substituted, namely :—

"34. Prohibition of connection with earth, and power for Government to interfere in certain cases of default.—

(1) No person shall , in the generation, transmission, supply or use of energy, permit any part of his electric supply-lines to be connected with earth except so far as may be prescribed in this behalf or maybe specially sanctioned by the Central or the State Government as the case may be.

(2) If at any time it is established to the satisfaction of the Central or the State Government as the case may be—

(*a*) that any part of an electric supply-line is connected with earth contrary to the provisions of sub-section (1), or

(*b*) that any electric supply-lines or other works for the generation, transmission, supply or use of energy are attended with danger to the public safety or to human life or injuriously affect any telegraph-line, or

(*c*) that any electric supply-lines or other works are defective so as not to be in accordance with the provisions of this Act or of any rule thereunder, the Central or the State Government, as the case may be, may, by order in writing, specify the matter complained of and require the owner or user of such electric supply-lines or other works to remedy it in such manner as shall be specified in the order, and may also in like manner forbid the use of and the snpply of energy to, any electric supply line or works until the order is complied with or for such time as is specified in the order."

27. *Amendment of section 37, Act IX of 1910.*—In section 36 of the said Act, (*i*) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

"(1) The Central Government may, by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors for mines, oil fields,railways, post and telegraph installations, broadcasting installations and installations belonging to and under the control of the Ministry of Defence; and every Electrical Inspector so appointed shall exercise the powers and perform the functions of an Electrical Inspector under this Act within such areas and subject to such restrictions as the Central Government may direct.

(2) The State Government may, by notification in the Official Gazette, appoint duly qualified persons to be Electrical Inspectors within such areas as may be assigned to them respectively ; and every Electrical Inspector so appointed shall, except in relation to mines, oil-fields, railways, post and telegraph installations, broadcasting installations and installations belonging to and under the control of the Ministry of Defence exercise the powers and perform the functions of an Electrical Inspector under this Act subject to such restrictions as the State Government may direct.

(*ii*) In sub-section(3), for the word, "Electric" before the word, "Inspector" the word, "Electrical" shall be substituted.

28. *Amendment of section 36A, Act IX of 1910.*—For sub-section (2) of section 36-A of the said Act the following sub-section shall be substituted, namely :—

"(2) The Central Electricity Board shall consist of—

(*a*) a chairman to be nominated: by the Central Government ;

(*b*) One member to be nominated by the Government of each of the States specified in Parts A and B of the first Schedule to the Constitution of India ;

(*c*) one member, holding office for a period of three years, to be nominated by the Central Government to represent the Government of each of the States specified in Part C and D of the first Schedule to the Constitution of India ;

(*d*) one member to be nominated by the Railway Board; and

(*e*) one member to be nominated by the Chief Inspector of Mines.'

29. *Amendment of section 36, Act IX of 1910.*—

In section 37 of the said Act,

(*i*) in clauses (i), (j) and (k) of sub-section (2), for the word, "Electric" before the word, "Inspector" the word, "Electrical " shall be substituted,

(*ii*) for sub-section (3), the following sub-section shall be substituted, namely :—

"(3) Any rules made in pursuance of clauses (e), (f), (g), (h), (i) and (j) of sub-section (2) shall be binding on the Government.

30. *Amendment of section 42, Act IX of 1910.*—

In clause (c) of section 42 of the said Act, after the words, "issued to him under section," the figure and the words, "22B or section" shall be inserted.

31. *Amendment of section 44, Act IX of 1910.*—

In section 44 of the said Act,

(i) in clause (a) the words, " without giving to the licensee foty-eight hours' notice in writing of his intention" shall be omitted ;

(*ii*) in clause (*b*), the words, " without such licensee's consent" shall be omitted.

32. *Amendment of section 51, Act IX of 1910.*—For section 51 of the said Act, the following section shall be substituted, namely :—

" 51. Exercise in certain cases of powers of telegraph authority.—Notwithstanding anything in section 12 to 16 (both inclusive) and sections 18 and 19, the State Government may, by order in writing, for the placing of electric supply-lines, appliances and apparatus for the transmission of energy or for the telephonic or telegraphic communications necessary for the proper co-ordination of his works confer upon any public officer, licensee, non-licensee or other supplier of energy engaged in the business of suplying energy to the public subject to such conditions and restrictions (if any) as the State Government may think fit to impose and to the

provisions of the Indian Telegraph Act, 1885 (XIII of 1885), any of the powers which the telegraph authority possesses under that Act, with respect to the placing of telegraph lines and posts for the purposes of telegraph established or maintained by the Government or to be so established or maintained."

33. *Amendment of section 52, Act IX of 1910.*—To section 52 of the said Act, the following proviso shall be added, namely :—

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

34. *Amendment of section 54, Act IX of 1910.*—To section 54 of the said Act, the words, " and the Magistrate shall intimate the facts of the recoveries to the authorities concerned" shall be added at the end.

35. *Amendment of section 55, Act IX of 1910.*—In section 55 of the said Act, for the word, "Electric" the word, "Electrical" shall be substituted.

36. *Amendment of clause I of the Scheduce, Act IX of 1910.*—To paragraph (c) of clause I of the Schedule to the said Act, (hereinafter referred to as the Schedule), the following proviso shall be added, namely:—

"Provided that, if the compulsory works in the area of supply are not completed or if the suply of energy is not commenced by a licensee by the due date, the State Government may forfeit the whole or part of the amount so deposited or secured."

37. *Amendment of clause II of the Schedule, Act IX of 1910.*—In paragraph (b) of clause II the Schedule, after the words, "books and documents" the words, "including technical data and statements of energy generated and sold" shall be inserted.

38. *Amendment of clause III of the Schedule, Act IX of 1910.*—In clause III of the Schedule, for the words, "the capital employed for the purpose of the" the words, "his electricity supply" shall be substituted.

39. *Amendment of clause V of the Schedule, Act IX of 1910.*—For sub-clauses (1) and (2) of clause V of the Schedule, the following sub-clauses shall be substituted namely :—

"(1) Where, after the expiration of two years and six months from the commencement of the license a requisition is made by two or more owners or occupiers of premises in or upon any street or part of a street within the area of supply or by the State Government or a local authority charged with the public lighting there of requiring the licensee to provide distributing mains throughout such street or part thereof, the licensee shall comply within six months with the requisition, unless,—

(*a*) where it is made by such owners or occupiers as aforesaid, the owners or occupiers making it do not within fourteen clear days after the service on them by the licensee of a notice in writing in this behalf, tender to the licensee a written contract, in a form approved by the State Government, duly executed and with sufficient security binding themselves to take, or guaranteeing that there shall be taken a supply of energy for not less than two years to such amount as will in the aggregate produce annually, a revenue, not exceeding 15 per centum of the cost of the distributing mains required to comply with the requisition to the licensee :

Provided that, the step up or step down transformers and other sub-station equipment shall not be deemed to form part of the distributing mains, or the purpose of calculating the guaranteed revenue ; or

(*b*) where it is made by the State Government or a local authority, the State Government or the local authority, as the case may be, does not, within fourteen clear days after the service on it by the licensee of a notice in writing in this behalf, tender to the licensee a written contract, in a form approved by the State Government duly executed binding itself to take a supply of energy for not less than seven years for the public lamps in such street or part thereof.

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

40. *Amendment of clause VI of the Schedule, Act IX of 1910.*—For sub-clauses (1), (2) and (3) of cluase VI of the Schedule, the following sub-clauses shall be substituted, namely :—

"(1) Where, after distributing mains have been laid down under the provisions of clause IV or clause V and the supply of energy through those mains or any of them has commenced, a requisition is made by the owner or occupier of any premises situate within the area of supply requiring the licensee to supply energy for such premises, the licensee shall, within one month from the making of the requisition, or within such longer period as the Electrical Inspector may allow, lay down the service line including the meter board free of any charges to the person making the requisition and supply, and , save in so far as he is prevented from doing so by cyclones, floods, storms or other occurrences beyond his control, continue to supply energy in accordance with the requisition :

Provided first that, the licensee shall not be bound to comply with any such requisition, unless and until the person making it within fourteen days after the service on him, by the licensee of a notice in writing in this behalf, tenders to the licensee a written contract, in a form approved by the State Government, duly executed and with sufficient security binding himself to take a supply of enegy for not less than two years to such amount as will produce annually a revenue to the licensee for the supply of energy not exceeding 15 per centum of the cost of service line required to comply with the requisition :

Provided secondly, that the licensee shall be entitled t o discontinue such supply—

(*a*) if the owner or occupier of the property to which the supply is made has not already given security o r if any security given by him has become invalid or insufficient, and such owner or occupier fails to furnish s ecurity or to make up the original security to a sufficient amount , as the case may be, within seven days after the service upon him of notice in writing from the licensee requiring him so to do, or

(*b*) if the owner or occupier of the property to which the supply is made adopts any appliance, or u ses the energy supplied to him by the licensee for any purposes, or deals with it in any manner, so as unduly or improperly to interfere with the efficient supply of energy to any other person by the licensee, or

(*c*) if the electric wires, fittings, works and apparatus in such property are not in good order and condition, and are consequently likely to affect injuriously the use of energy by the licensee, or by other persons, or

(*d*) if the owner or occupier makes any alterations of, or additions to, any electric wires, fittings, works or apparatus within such property as aforesaid, and does not notify the same to the licensee before the same are connected to the source of supply, with a view to their being examined and tested ; but the licensee shall re-connect the supply with all reasonable speed on the cessation of the act or default or both, as the case may be, which entitled him to discontinue it :

Provided, thirdly, that the maximum rate per unit of time at which the owner or occupier shall be entitled to be supplied with energy shall not exceed what is necessary for the maximum consumption on his premises, and, where the owner or occupier has required a licensee to supply him at a specified maximum rate, he shall not be entiteld to alter that maximum, except after one month's notice in writing to the licensee, and the licensee may require the owner or occupier to guarantee additional revenue from the supply of energy as will produce annually, a revenue not exceeding 15 per centum of the cost of augmentation of the service line, or in respect of any fittings or apparatus of the licensee upon that property; and

Provided fourthly that, if any requisition is made for a supply of energy and the licensee can prove, to the satisfaction of an Electrical Inspector,—

(*a*) that the nearest distributing main is already loaded up to its full current-carrying capacity, or

(*b*) that, in case of a larger amount of current being transmitted by it, the loss of pressure will seriously affect the efficiency of the supply to other consumers in the vicinity, the licensee may refuse to accede to the requisition for such reasonable period, not exceeding six months, as such Inspector may think sufficient for the purpose of amending the distributing main or laying down or placing a further distributing main.

(2) Subject to the provisions of the second proviso to clause (d) of sub-section (1) of section 5 and the second proviso to sub-section (2) of section 7, any service line laid for the purpose of supply in pursuance of a requisition made before (the date of amendment to be inserted) shall, notwithstanding that a portion of it may have been paid for by the person making the requisition, become the property of the licensee, and shall be maintained by him.

(3) Where any difference or dispute arises as to the amount of energy to be taken or the revenue to be guaranteed as aforesaid, or as to the position of a meter board and any service line on a consumer's premises or as to the cost of the service line for the purpose of arriving at the revenue to be guaranteed or as to the sufficiency of the security offered by any owner or occupier, or as to the improper use of energy, or as to any alleged defect in any wires, fittings, works or apparatus ; or as to the amount of expenses incurred under the third proviso to sub-clause (1), the matter shall be referred to an Electrical Inspector and decided by him :

Provided that, before either a licensee or a consumer applies to the Electrical Inspector under this sub-clause, he shall give to the other party not less than fifteen days' notice for his intention so to do.

41. *Amendment of clause VII, of the Schedule, Act IX of 1910.*—In clause VII of the Schedule for the word "five" before the words, " or more of such owners or occupiers", the word "two" shall be substituted.

42. *Amendment of clause VIII of the Schedule, Act IX of 1910.*—(*i*) In sub-clause (2) of clause VIII of the Schedule, the words, "sub-clause (b) of" shall be omitted and the word, "the" inserted before the words "local authority".

(*ii*) To clause VIII of the Schedule, the following sub-clause shall be added, and numbered as (3), namely :—

"(3) If so, required by the State Government or the local authority as the case may be, a licensee shall place and maintain on his supports the mains and other equipments for public lamps where the State Government or the local authority has complied with the provisions of sub-clauses (1) and (2) above, and in the event of any difference or dispute in this respect, the matter shall be referred to arbitration by either party."

43. *Amendment of clause IX of the Schedule, Act IX of 1910.*—(*i*) In paragraph (b) of sub-clause (1) of clause IX of the Schedule, for the words, "reasonable return" the words, "revenue not exceeding 15 per centum per annum" shall be substituted.

(*ii*) sub-clause (3) of clause IX of the Schedule shall be omitted.

44. *Amendment of clause X of the Schedule, Act IX of 1910.*—In sub-clause (2) of clause X of the Schedule, after the words, "to the State Government" the words "the Electrical Inspector, the State Electricity Board where such a Board has been constituted," shall be inserted.

45. *Insertion of new clause XA in the Schedule, Act IX of 1910.*—After clause X of the Schedule, the following clause shall be inserted in the Schedule, namely:—

"XA. Notice of alterations in charges for supply of energy.—

The licensee shall give one month's notice in writing of his intention to alter his charges for the supply of energy to any consumer concerned, to the State Government, the Electrical Inspector and to the State Electricity Board where such a board has been constituted :

Provided that, in the case of a bulk licensee, the period of such notice shall be three months.

46. *Omission of clause XI of the Schedule, Act IX of 1910.*—Clause XI of the Schedule shall be omitted.

47. *Amendment of clause XIA of the Schedule, Act IX of 1910.*—For clause XIA of the Schedule, the following clause shall be substituted, namely:—

"XIA. Minimum charges.—Where a consumer is not required to pay any other minimum charge for the supply of energy under any of the other provisions of this Act the licensee may charge him a minimum charge for energy of such amount and determined in such manner as may be directed by the State Government from time to time and such minimum charge shall be payable notwithstanding that no energy has been used by the consumer upto the amount of the minimum charge at current rates, during the period for which such minimum charge is made."

48. *Amendment of clause XII of the Schedule, Act IX of 1910.*—For clause XII of the Schedule, the following clause shall be substituted, namely :—

"XII. Charge for supply for public lamps.—The price to be charged by the licensee and to be paid to him for energy supplied for the public lamps, and other charges in connection with the same and the mode in which those charges are to be ascertained, shall be settled by agreement between the licensee and the State Government or the local authorities as the case may be and where any difference or dispute arises the matter shall be determined by arbitration.

49. *Amendment of clause XIII of the Schedule, Act IX of 1910*—In clause XIII of the Schedule, for the word, "Electric" before the word, "Inspector" the word "Electrical" shall be substituted.

50. *Amendment of clause XIV of the Schedule, Act IX of 1910.*—In clause XIV of the Schedule, after the words, " inspection of his instruments" the words, " by an Electrical Inspector or other person duly authorised by him" shall be inserted.

51. *Amendment of clause XV of the Schedule, Act IX of 1910.*—For clause XV of the Schedule, the following clause shall be substituted, namely :—

"XV. Testing of works.—On the occasion of the testing of any works of the licensee by an Electrical Inspector or other person duly authorized by him, reasonable notice thereof shall be given to the licensee ; and the testing shall be carried out at such suitable hours as in the opinion of the Electrical Inspector or other person duly authorized by him, will least interfere with the supply of energy by the licensee, and in such manner as the Electrical Inspector or other person duly authorized by him, may think fit, but, except under the provisions of an order made in each case in that behalf by the State Government, the Electrical Inspector or other person duly authorized by him, shall not be entitled to have access to or interfere with, the works of the licensee at any points other than those at which the licensee himself has access to the same :

Provided that, the licensee shall not be held responsible for any interruption or irregularity in the supply of energy which may be occasioned by, or required by the Electrical Inspector or other person duly authorized by him, for the purpose of any such testing as aforesaid :

Provided also that, the testing shall not be made in regard to any particular portion of the works oftener than once in any three months, unless in pursuance of an order made in each case in that behalf by the State Government."

52. *Amendment of clause XVI of the Schedule, Act IX of 1910.*— In sub-clauses (1) and (5) of clause XVI of the Schedule, for the word, " Electric " before the word "Inspector" the word, "Electrical" shall be substituted.

53. *Amendment of clause XVII of the Schedule, Act IX of 1910.*—In clause XVII of the Schedule, for the word, " Electric" before the word, "Inspector" the word, "Electrical" shall be substituted.

GIPD—M—19 M of I&P—10-4-56—1100