# THE ELECTRICITY (SUPPLY) ACT, 1948

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# THE ELECTRICITY (SUPPLY) ACT, 1948 (Act 54 of 1948) [1]

An Act to provide for the rationalisation of the production and Supply of electricity, and generally for taking measures Conducive to [2][Electrical development.]

**[10th September, 1948]**

Whereas it is expedient to provide for the rationalisation of the production and supply of electricity, for taking measures conducive to [2][electrical development] and for all matters incidental thereto;

**1. For Statement of Objects and Reasons see Gazette of India 1947, Pt. V. p. 514; and for Report of Select Committee. see ibid., 1948, pp. 201-03. The Act has been extended to Dadra and Nagar Haveli by Reg. 6 of 1963, Sec. 2 and Sch. I (w.e.f. 1st July 1965).**

**2. Subs. by the A.0. 1950, for the words "the electrical development of the Provinces of India"**

It is hereby enacted as follows:-

The preamble makes it clear that the Act provides for-

(i) Rationalization of production and supply of electricity;

(ii) Taking measures conducive to electrical development; and

(iii) Matters incidental thereto.

## STATE OF OBJECTS AND REASONS

"The coordinated development of electricity in India on a regional basis is a matter of increasingly urgent importance for post-war re-construction and development. The absence of coordinated system, in which generation is concentrated in the most efficient units and bulk supply of energy centralized under the direction and control of one authority is one of the factors that impedes the healthy and economical growth of electrical development in this country. Besides, it is becoming more and more

apparent that if the benefits of electricity are to be extended to semi-urban and rural areas in the most efficient and economical manner consistent with the needs of an entire region, the area of development must transcend the geographical limits of a municipality, a cantonment board or notified area committee, as the case may be. It has, therefore, become necessary that the appropriate Government should be vested with the necessary legislative powers to link together under one control electrical development in contiguous areas by the establishment of what is generally known as the 'Grid System'. In the circumstances of this country such a system need not necessarily involve inter-connection throughout the length and the breadth of a province; regional co-ordination inclusive of some measures of interconnection may be all that is needed. An essential pre-requisite is, however, the acquisition of necessary legislative power not only to facilitate the establishment of this system in newly licensed areas but also to control the operation of existing licensees so as to secure fully coordinated develop

Government feels that it is not possible to legislate for this purpose within the frame-work of the Indian Electricity Act, 1910, which was conceived for a very different purpose. In their view what is needed is specific legislation, on the broad lines of the Electricity (Supply) Act, 1926, in force in the United Kingdom, which will enable Provincial Governments to set up suitable organizations to work out 'Grid System' within the territorial limits of the Provinces. Although executive power under the proposed bill will necessarily vest in the provinces, two considerations indicate necessity for Central legislation-

(i) The need for uniformity in the organization and development of the 'Grid System', and

(ii) The necessity for the constitution of semi- autonomous bodies like Electricity Boards to administer the 'Grid System'. In the view of the Government it is bodies like these which are likely to be most suitable organisations for working the 'Grid Systems' on quasi- commercial lines. Such Board cannot, however, be set up by Provincial Governments under the existing Constitution Act as they would be in the nature of trading corporation within the meaning of entry 33 of the Federal Legislative List."[1]

## STATEMENT OF OBJECTS AND REASON TO ACT 50 OF 1991. –

1. Indian Electricity Act, 19 1 0, deals with the supply and use of electrical energy and the rights and obligations of the licensees.

The Electricity (Supply) Act, 1948 deals with the statutory powers and functions of the Central Electricity Authority. State Electricity Boards and Generating Companies.

2. It is proposed to widen the scope of private sector participation in power generation, supply and distribution by suitably amending the aforesaid Acts. The main amendments are as follows:-

(a) Section 6 of The Indian Electricity Act, 1910, which deals with the period of licence is Sought to be amended to enhance the said period of licence to 30 years followed by subsequent extensions for 20 years at a time. This ensures reasonable stability in the operation of the licence.

(b) Section 2 of The Electricity (Supply) Act, 1948 (hereinafter referred to as the said Act), which defines various expressions, is proposed to be amended to give effect to certain changes in the definitions and also to define certain new expressions. Clause (4-A) is proposed to be substituted to remove the exclusion of private sector from the definition of "Generating Company", as it permits only the companies formed by the Central Government or by any State Government or jointly by the Central Government and one or more State Governments.

(c) Section 15-A of the said Act, which deals with the formation, objects, etc., of Generating Companies is proposed to be amended so as to provide for a establishment of Generating Companies in the private sector as well as in the joint sector.

(d) Section 29 of the said Act which deals with the submission of schemes involving capital e ees five crores to the Central

Electricity Authority is proposed to be amended in the interest of flexibility, keeping in view the escalation in the cost of projects and to provide for revision from time to time of the prescribed limit of project cost requiring such clearance.

(e) A new Sec. 43-A is proposed to be inserted to the said Act to provide for the terms and conditions and tariff for sale of electricity by the Generating Companies.

(f) Section 55 of the said Act which provides for licensee companies with the Board's directions is proposed to be amended to ensure that the licensees as well as Generating Companies shall comply with the directions issued by the designated coordinating agencies in the matter of generation and supply of power.

(g) Paragraph XVII (10) (b) of Sch. VI to the said Act is proposed to be amended to raise the standard rate from the existing level of 2 per cent. over the Reserve Bank of India rate to 5 per cent. over the Reserve Bank of India rate to motivate investment in the power projects set up by licensees companies.

3. The Bill seeks to achieve the above objects.

## LIST OF AMENDING ACTS AND ADAPTATION ORDER

1. The Electricity (Supply) Amendment Act, 1949 (57 of 1949).
2. The Adaptation of Laws Order, 1950.
3. The Part B States (Laws) Act, 1951 (3 of 1951).
4. The Electricity (Supply) Amendment Act,
5. The Indian Electricity (Amendment) Act,
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8. The Electricity (Supply) Amendment Act,
9. The Electricity (Supply) Amendment Act,
10. The Electricity (Supply) Amendment Act,
11. The Delegated Legislation Provisions (Amendment) Act, 1983 (20 of 1983).
12. The Electricity (Supply) Amendment Act, 1984 (48 of 1984).
13. The Repealing and Amending Act, 1988 (19 of 1988).
14. The Electricity (Supply) Amendment Act, 1991 (50 of 1991).

15. 15. The Electricity Laws (Amendment) Act, 1998 (22 of 1998).

## CHAPTER I

## INTRODUCTORY

**1. SHORT TITLE, EXTENT AND COMMENCEMENT. -**

(l) This Act may be called The Electricity (Supply) Act, 1948.

(2) It extends to the whole of India [1][except the State of Jammu and Kashmir].

2[(3) This section and Sees. 2, 3, 4, 4-A, 4-B, 4-C, 15-A, 18-A, 26-A, 28 to 34 (both inclusive), subsection (2) of Sec. 39, Sec. 42, sub- section (3) of Sec. 43 and Sees. 57, 57-A, 57-B, 58, 75-A, 76, 77, 77-A, 77-B, 77-C, 82 and 83 and the provisions of the 3[Sixth Schedule] shall come into force at once. ]

(4) The remaining provisions of this Act shall come into force in a State on such date, not later than two years from the coming into force of sections, Schedule and Table mentioned in sub-section (3), as the State Government may, by notification in the Official Gazette, appoint:

Provided that the Central Government may, as respects any State extend the said period of two years and in such event the remaining provisions of the Act shall come into force in that State on such date, not later than the extended period, as the State Government may, by notification in the Official Gazette, appoint.4

5[(5) Notwithstanding anything contained in sub-section (4),-

(a) where any provisions of this Act, to which sub-section (4) applies, is in force in any State immediately before the commencement of the Electricity (Supply) Amendment Act, 1978 (23 of 1978) that provision as amended by the Electricity (Supply) Amendment Act, 1978 (23 of 1978), shall, on and from such commencement, be in force in that State;

(b) The provisions of this Act, to which sub-section (4) applies, which are not in force in any State on the commencement of the Electricity (Supply) Amendment Act, 1978, shall come into force in that State on such date as the State Government may, with the concurrence of the Central Government, by notification in the Official Gazette, appoint.]

**1 . Subs. by Act 3 of 195 1, Sec. 3 and Schedule for the words "except Par-t B States" (w.e.f. 1st April, 195 1).**

**2. Subs. by Act I 1 5 of 1976, Sec. 2, for sub-section (3) (w.e.f. 8th October, 1976).**

**3. Subs. by Act 23 of 1978, Sec. 2, for "Sixth and Seventh Schedule" (w.e.f. 3rd June, 1978).**

**4. The Act has come into force in the State of Sikkim, w.e.f. 1st January, 1984, (vide S.O. 7(E). dated 30th December, 1983).**

**5. Ins. by Act 23 of 1978, Sec. 2.**

## STATE AMENDMENT

**PONDICHERRY.-**Substitution of sub-section (4):-

"(4) The remaining provisions of this Act shall come into force in the State the State Government may, by notification in the official Gazette appoint."1

**1. Vide French Establishment A.LO.,1954 as modified by S.R.O. 2168-A, dated 29th June, 1957.**

**2. INTERPRETATION. -**In this Act, unless there is anything repugnant in the subject or context, -

(1) "Authority" means the Central Electricity Authority constituted under Sec. 3;

(2) "Board" means a State Electricity Board constituted under Sec. 5;

(3) "Bulk-licensee" means a licensee who is authorized by his licence to supply electricity to other licensees for distribution by them;

[1][(3-A) "Competent government" means the Central Government in respect of a Generating Company wholly or partly owned by it and in all other cases the Government of the State in which the generating station of a Generating Company is located or proposed to be located;]

(4) (4)"Controlled station" means a generating station designated in a scheme sanctioned under Chapter V as a controlled station;

[2][(4-A)"Generating Company" means a company registered under The Companies Act, 1956 (I of 1956), and which has among its objects the establishment, operation and maintenance of generating stations;]

(5) "Generate station" or "station" means any station for generating electricity, including any building and plant [3][with step-up transformer switch-gear, cables or other appurtenant equipment, if any] used for that purpose and the site thereof, a site intended to be used for a generating station, and any buildings used for housing the operating staff of a generating station, and where electricity is generated by water-power, includes penstocks, head and tail works, main and regulating reservoirs, dams and other hydraulic works, but does not in any case include any sub-section [4][* * *];

(6) "Licensee" means a person licensed under Part 11 of The Indian Electricity Act, 19 10 (9 of 19 1 0) to supply energy or a person who has obtained sanction under Sec. 28 of that Act to engage in the business of supplying energy [5][but the provisions of Sec. 26 or Sec. 26-A of this Act notwithstanding, does not include the Board or a Generating Company]-,

(7) "Main transmission lines" means all high pressure cables and over- head lines (not being an essential part of the distribution system of a licensee) transmitting electricity from a generating station to another generating station or to a sub-section, together with any step-up and step down transformers, switch-gears and other works necessary to and used for the control of such cables or over-head lines, and such building or part thereof as may be required to accommodate such transformers, switch-gears and other works and the operating staff thereof,

[6][(8) "Maximum demand" in relation to any period shall, unless otherwise provided in any general or special orders of the State Government mean twice the largest number of kilowatt-hours or kilo-volt-ampere-hours supplied and taken during any consecutive thirty minutes in that period;]

[7][(8-A) "Power system" means all aspects of generation, transmission, distribution and supply of energy; and includes the following or any combination thereof-

(a) Generating stations;
(b) Transmission or main transmission lines; (c) Sub-stations;
(d) Tic-lines;

(e) Load dispatch activities;
(f) Mains or distribution mains;
(g) Electric supply-lines;
(h) Overhead lines;
(I) Service lines;
(j) Works,]

(9) "Prescribed" means prescribed by rules [8][made under this Act];

[9][(9-A)"Regional Electricity Board" means a Board constituted by resolution of the Central Government for a specified region for facilitating the integrated operation of the power system in that region;

(9-B) "Regional Load Dispatch Center" means the Center so designated for a specified region where the operation of the power system in that region and the integration of the power system with other regions and areas (within the territory of India or outside) are coordinated;

(9-C) "State Load Dispatch Center", in relation to a State, means the Center and designated where the operation of the power system in that's State and integration of such State power system with other power system are coordinated;]

(10) "Regulations" inseams regulations made by the Board under Sec. 79;

(11) "Reserve Bank" means the Reserve Bank of India;

[10][(l1-A) "Sub-section" means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switch-gear, capacitors, synchronous condensers, structures, cables and other appurtenant equipments and any buildings used for that purpose and the site thereof, a site intended to be used for any such purpose and any buildings used for housing the staff of the sub-section;

(11-B) "Tie-line" means a line for the transfer of electricity between two, power system " means all works mentioned in sub-section (7) used wholly or partially for the purposes of distribution or transmission of energy;

[9][(12) "Transmission lines" means all works mentioned in sub-section(7) used wholly or partially for the purposes of distribution or transmission of energy;]

(13) "Year" means, in relation to the Board [10][or a Generating Company], the year commencing on the lest day of April;

(14) "Year of account" means, in relation to a licensee, his financial years;

(15) Other expression has the meanings respectively assigned to them in The Indian Electricity Act, 1910 (9 of 19 1 0).

**1. Ins. by Act 50 of 1991, Sec. 3 (w.e.f. 15th October, 1991).**

**2. Ins by Act 50 of 1991, Sec. 3 (w.e.f. 15th October, 199 1).**

**3. Ins by Act 115 of 1976, Sec. 3 (w.e.f. 8th October, 1976).**

**4. The words "for transforming, converting, distributing electricity" omitted by ibid., Sec. 3, (w.e.f . 8th October 1976).**

5. Subs by ibid., for the words and figures "but the provision of Sec. 26 of this Act notwithstanding, does not include the Board" (w.e.f. 8th October, 1976).
6. Subs by Act 101 of 1956, Sec. 3. for Cl. (8) (w.e.f. 30th December, 1956).
7. Subs by Act no. 22 of 1998, Sec. 9, dated 10th August1998.
8. Ins. by Act 50 of 199 1, Sec. 3 (w.e.f. 15th October, 199 1). Subs. by
9. Act No. 22 of 1998, Sec. 9, dated 10th August, 1998.
10. Ins. by Act 11 5 of 1976, Sec. 3 (w.e.f. 8th October, 1976).

## CHAPTER II
## THE CENTRAL ELECTRICITY AUTHORITY

**3. CONSTITUTION OF THE CENTRAL ELECTRICITY AUTHORITY. -**

(1) The Central Government shall constitute a body called the Central Electricity Authority generally to exercise such functions and perform such duties under the Act and in such manner as the Central Government may prescribe or direct, and in particular to-

(i) Develop a sound adequate and uniform national power policy, 1[formulate short-term and perspective plans for power development and co-ordinate the activities of the planning agencies] in relation to the control and utilisation of national power resources;

(ii) Act as arbitrators in matters arising between the State Government or the Board and a licensee or other person as provided in this Act;

2(iii) Collect and record the data concerning the generation, distribution and utilisation of power and carry out studies relating to cost, efficiency, losses, benefits and such like matters;]

(iv) Make public from time to time information secured under this Act and to provide for the publication of reports and investigations;

3[(v) Advise any State Government, Board, Generating Company or other agency engaged in the generation or supply of electricity on such matters as will enable such Government, Board, Generating Company or agency to operate and maintain the power system under its ownership or control in an improved manner and where necessary, in co-ordination with any other Government, Board, Generating Company or other agency owning or having the control of another power system;

(vi) Promote and assist in the timely completion of schemes sanctioned under ChapterV;

(vii) Make arrangements for advancing the skill of persons in the generation and supply of electricity;

(viii) Carry out, or make arrangements for, any investigation for the purpose of generating or transmitting electricity; (ix) promote research in matter affecting the generation, transmission and supply of electricity

(x) Advise the Central Government on any matter on which its advice is sought or make Government on any matter if,

in the opinion of the Authority, the recommendation would help in improving the generation, distribution and utilisation of electricity, and

(xi) Discharge such other functions as may be entrusted to it by or under any other law.]

(2) The Authority shall consist of [4][not more than fourteen members of whom not more than eight shall be full-time members] appointed by the Central Government [5][* * *]

[2][(2-A) A full-time member shall be a person who has experience of', and has shown capacity in,-

(a) Design, construction, operation and maintenance of generating stations;

(b) Transmission and supply of electricity;

(c) Applied research in the field of electricity;

(d) Applied economics; or

(e) Industrial, commercial or financial matters.]

(3) The Central Government shall appoint [6][one of the full-time members] to be the Chairman of the Authority.

(4) All the members of the Authority shall hold office during the pleasure of the Central Government.

[7][(4-A) The Chairman of the Authority and the other full-time members shall receive such salaries and allowances as may be determined by the Central Government and the other members shall receive such allowances and fees for attending the meetings of the Authority, as the Central Government may prescribe.

(4-B) The other terms and conditions of service of the members of the Authority [including, subject to the provisions of sub-section (4), their terms of office] shall be such as the Central Government may prescribe.]

(5) No full-time member of the Authority shall [8][have any share or interest for his own benefit, whether in his own name or otherwise,] in any company or other body corporate or an association of persons (whether incorporated or not), or a firm engaged in the business of supplying electrical energy or [9][fuel, in whatever form for the generation of electricity or in the manufacture of electrical equipment].

(6) The Authority may appoint a Secretary and such other officers and [10][employees] as it considers necessary for the performance of its functions under this Act on such terms as to salary, remuneration, fee, allowance, pension, leave and gratuity as the Authority may, in consultation with the Central Government, fix:

Provided that the appointment of the Secretary shall be subject to the approval of the Central Government.

[11][(7) The Chairman of the Authority may, by order, appoint any two or more members of the Authority to act on behalf of the Authority in relation to any matter referred to in Cl. (ii) of sub-section (1).

(8) No act or proceeding of the Authority shall be invalid merely on the ground of the existence of any vacancy in, or any defect in the constitution of, the Authority.]

**1. Subs by Act II 5 of 1976, Sec. 4, for "and particularly to co- ordinate the activities of the planning agencies" (w.e.f. 8th October, 1976).**

**2. Subs. by Act 115 of 1976, Sec. 4, for Cl. (iii) (w.e.f. 8th October, 1976).**

**3. Ins. by ibid..**

**4. Subs. by ibid. for the words "not more than six members (w.e.f. 8th October,1976)**

**5. The words "of whom at least three shall be full-time members" omitted by Act 57 of 1949, Sec. 3.**

**6. Subs. by Act 115 of 1976, Sec. 4, for the words "one of the members" (w.e.f. 8th October, 1976).**

**7. Ins. by ibid., (w.e.f. 8th October, 1976).**

**8. Subs. by Sec. 4. ibid., for the words "be directly or indirectly concerned or interested in or have any share or interest" (w.e.f. 8th October, 1976).**

**9. Subs. by Sec. 4, ibid., for the word "fuel solid or liquid, for the generation of electricity" (w.e.f. 8th October. 1976).**

**10. Subs. by Act 23 of 1978, Sec. 3, for the word "servants" (w.e.f. 3rd June, 1978).**

**11. Subs. by Act 115 of 1976, Sec. 4, for sub-section (7) (w.e.f. 8th October, 1976).**

**4. POWER TO REQUIRE ACCOUNTS, STATISTICS AND RETURNS.-**It shall be the duty of each [1][State Electricity Board, Generating Company,] State Government Electricity Department or other licensee or person supplying electricity for public or private purposes, or generating electricity for its or his own use [2][for consuming electricity] to furnish to the Authority such accounts, statistics, [3][returns or other information] relating to the generation, supply and use of electricity as it may require and at such time and in such form and manner as it may direct.

**1. Subs. by Sec. 5, ibid., for the words "State Electricity Board" (w.e.f. 8th October, 1976).**

**2. Ins. by Sec. 5, ibid- (w.e.f. 8th October, 1976).**

**3. Subs. by Sec. 5, ibid, for the words "and returns" (w.e.f. 8th October, 1976).**

**[1][4-A.DIRECTIONS BY CENTRAL GOVERNMENT TO THE AUTHORITY. –**

(1) In the discharge of its functions, the Authority shall be guided by such directions in matters of policy involving public interest, as the Central Government may give to it in writing.

(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

**1. Ins by Act 115 of 1976, Sec. 6, (w.e.f. 8th October, 1976).**

**4-B. POWER OF CENTRAL GOVERNMENT TO MAKE RULES.-**

(l) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Chapter.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:

(a) The functions and duties of the Authority and the manner in which such functions and duties shall be exercised and performed, under sub-section (1) of Sec. 3;

(b) The terms and conditions of service of the Chairman and other members of the Authority (including the allowances and fees payable to members, but not including the salaries and allowances payable to the Chairman and other full-time members, of the Authority) under sub-section (4-A) and sub- section (4-B) of Sec. 3;

(c) Any other matter which is required to be, or may be, prescribed by the Central Government.

(3) Every rule made by the Central Government under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be, comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or

annulment shall be without prejudice to the validity of anything previously done under that rule.].

**4-C. POWER OP AUTHORITY TO REGULATIONS.-**

1[(1)] The Authority may 2[by notification in the Official Gazette] make regulations, not inconsistent with the provisions of this Act and the rules made by the Central Government there under, to provide for all or any of the following matters, namely:

(a) Summoning and holding of meetings of the Authority, the times and places at which such meetings shall be held, the conduct of business thereat and the number of members required to constitute a quorum;

(b) Any other matter arising out of the functions of the Authority under this Act for which it is necessary or expedient to make regulations.]

3[(2) The Central Government shall cause every regulation made under this section to be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulati fect only in such

modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.]

**1. Re-numbered by Act 20 of 1983, Sec. 2 and the Schedule. 2. Ins. by ibid.**

**3. Ins. by Act 20 of 1983. Sec. 2 and the Schedule.**

## CHAPTER III

## 1[STATE ELECTRICITY BOARDS, GENERATING COMPANIES, STATE ELECTRICITY CONSULTATIVE COUNCILS AND LOCAL ADVISORY COMMITTEES]

**1. Subs. by Act 115 of 1976, Sec. 7, for the words "State Electricity Board" (w.e.f. 8th October 1976).**

**5. CONSTITUTIONS AND COMPOSITION OF STATE ELECTRICITY BOARDS. –**

(1) The State Government shall, as soon as may be after the issue of the notification under sub-section (4) of Sec. 1, constitute by such name as shall be specified in the notification.

(2) The Board shall consist of not less than three and not more than seven members appointed by the State Government.

1[ * * * * *]

2[(4) Of the members, -

(a) One shall be a person who has experience of, and has shown capacity in, commercial matters and administration;

(b) One shall be an electrical engineer with wide experience; and

(c) One shall be a person who has experience of accounting and financial matters in a public utility undertaking, preferably electricity supply undertaking.]

(5) One of the members possessing any of the qualifications specified in subsection (4) shall be appointed by the State Government to be the Chairman of the Board.

(6) A person shall be disqualified from being, appointed or being a member of the Board if he is 3[* * *] a Member of 4[Parliament] or of any State Legislature or any local authority.

(7) No act done by the Board shall be called in question on the ground only of the existence of any vacancy in, or any defect in the constitution of, the Board.

1. Sub-section (3) omitted by Act 57 of 1949, Sec. 4 (w.e.f. 21st December, 1949).
2. Subs. by Act 101 of 1956, Sec. 4, for sub-section (4) (w.e.f. 30th December, 1956).
3. The words "or within the twelve months last preceding was" omitted by Act 30 of 1966, Sec. 2 (w.e.f. 16th September 1966).
4. Subs. by the A.0. 1950, for the words "the Central".

## STATE AMENDMENT

**HIMACHAL PRADESH.** -In sub-section 6 of Sec. 5 for the words "if he is a member of Parliament", the words "if he has attained the age of 65 years or is a member of Parliament" shall be substituted.1

1. Vide H.P. Act No. 10 of 1990, Sec. 2 (w.e.f. 13th July, 1990).

**6. INTER-STATE AGREEMENT TO EXTEND BOARD'S JURISDICTION TO ANOTHER STATE. -**

(1) Subject to the provisions of this section, the Government of any State may, after it has issued a notification under sub-section (4) of Sec. 1, in lieu of constituting a Board under Sec. 5 enter into an agreement with the Government of a contiguous State to provide that the Board constituted for the latter State shall exercise the functions of a Board under this Act in the former State

(2) Subject to such modifications (being of a character not affecting the general operation of the agreement) of the terms of the agreement as may from time to time be agreed upon by the State Governments concerned, an agreement entered into under this section shall be for a period of not less than twenty-five years but may be determined earlier by mutual consent.

(3) An agreement under this section may, -

(a) Make such financial arrangements between the participating State Governments as may be necessary for the purposes of the agreement;

(b) Provide for consultation between the participating State Governments either generally or with reference to particular matters arising under this Act;

(c) Generally make such incidental, supplementary or ancillary provisions, not inconsistent with this Act, as may be deemed necessary or expedient for giving effect to the agreement.

## STATE AMENDMENT

**PONDICHERRY.-**In Sec, q (2) and (3)for the words "State Governments" substitute the word "Governments".1

1. Vide French Establishment A.L.O. 1954 as amended by S.R.O. 2168-A. dated 29th June, 1957.

**7. EFFECT OF INTER-STATE AGREEMENT.-**Where an agreement is entered into under Sec. 6, the participating State Governments shall, by notification in the Official Gazettes, declare a date on which the agreement shall come into force, and on and after that date-

(a) The Board constituted for the one State shall have all the powers and duties of a Board under this Act in respect of both States as if they constituted a single State;

[1][(b) References in this Act to-

(i) The State,

(ii) The State Electricity Consultative Council, and

(iii) The State Legislature,

Shall, unless the context otherwise requires, be construed as references respectively to-

(A) Both States,

(B) Where more than one State Electricity Consultative Council has been constituted under Sec. 16, to all such Councils, and

(C) The Legislatures of both States;]

(c) The provisions of Sec. 60 in relation to the assumption by the. Board of the rights and liabilities of the State Government arising before the first constitution of the Board shall apply to the assumption by the Board of the rights and liabilities of the Government of the State to which the exercise of its functions under this Act is extended under the agreement, as if in that section for the words "before the first constitution of the Board" there were substituted the words and figures "before the date on which the agreement under Sec. 6 came into force".

**1. Subs. by Act 30 of 1966, Sec. 3. For Cl. (b) (w.e.f. 16th September, 1966).**

## STATE AMENDMENT

**PONDICHERRY.-**In Sec. 7 (I)for the words "State Governments" substitute the word "Government".[1]

**1. Vide French Establishment A.L.O. 1954 as amended by S.R.O. 2168-A, dated 29th June, 1957.**

[1][**8. TERM OF OFFICE AND CONDITIONS FOR RE-APPOINTMENT OF MEMBERS OF THE BOARD.-**The Chairman and other members of the Board shall hold office for such period, and shall be eligible for re- appointment under such conditions, as may be prescribed-]

**1. Subs. by Act 57 of 1949, Sec. 5, for Sec. 8 (w.e.f. 21st December, 1949).**

## STATE AMENDMENT

**KARNATAKA. -**In Sec. 8 of the principal Act, -

(1) After the words "the Chairman and other members of the Board shall", a comma and the words "subject to the pleasure of the State Government" shall be deemed always to have been inserted:

(2) At the end, the following shall be inserted, namely, -

"They shall exercise such powers and perform such functions and be paid such remuneration and allowances and be governed by such conditions for service as the State Government may, from time to time, by general or special order, determine"[1]

**1. Vide Knt. Act N**

**9. MEMBERS NOT TO HOLD INTEREST IN CERTAIN CONCERNS. --.**

(l) A member of the Board shall, prior to his appointment, give to the State Government intimation of, and shall, before taking charge of his office, sell or divest himself of, any interest which he may have for his own benefit whether in his own name or otherwise in any firm or company carrying on the business of supplying electricity or any fuel for the generation of electricity, or of the manufacture, sale or hire of machinery, plant, equipment, apparatus or fitting for the generation, transmission, distribution or use of electricity, or any interest in the managing agency or shares or securities of any such company; and it shall not be lawful for a member of the Board, so long as he holds office, to acquire or purchase any such interest in any such firm or company and it' he, under any will or by succession or gift becomes entitled for his own benefit to any such interest, he shall sell the same within three months after becoming so entitled thereto; and he shall also, within three months, sever

any connection he may have and cease to have any interest, direct or indirect, in any such concern.

(2) Nothing contained in-sub-section (1) shall prevent a member from acquiring or holding any share or interest in any firm or company other than a firm or company mentioned in sub-section (1):

Provided that if the Board has entered into, or is about to enter into any contract or agreement with any such firm or company in which a member holds any share or interest, he shall disclose the fact and nature of such interest and he shall not be entitled to vote on any decision of the Board relating to such contract or agreement.

(3) A disclosure referred to in the proviso to sub-section (2) shall forthwith be recorded in the minutes of the Board and communicated to the State Government and the State Government may thereupon give such directions as it may deem proper.

**10. REMOVAL OR SUSPENSION OF MEMBERS. -**

1[(1)] The State Government may suspend from office for such period as it thinks fit or remove from office any member of the Board who, -

(a) Is found to be a lunatic or becomes of unsound mind; or

(b) Is adjudged insolvent; or

(c) Fails to comply with the provisions of Sec. 9; or

(d) Becomes or seeks to become a Member of 2[Parliament] or any State Legislature or any local authority; or

3[(e) In the opinion of the State Government-

(i) Has refused to act; or

(ii) Has become incapable of acting; or

(iii) Has so abused his position as a member as to render his continuance on the Board detrimental to the interest of the general public; or

(iv) Is otherwise unfit to continue as a member: or] (j) is convicted of an offence involving moral turpitude.

4[(2) The State Government may suspend any member pending an inquiry against him.

(3) No order of removal shall be made under this section unless the member concerned has been given an opportunity to submit his explanation to i lie State Government, and when such order is passed, the seat of the member removed shall become vacant and another member may be appointed under Sec. 5 to fill up the vacancy.

(4) A member who has been removed shall not be eligible for re- appointment as member or in any other capacity to the Board.

(5) (5) It the Board fails to carry out its functions, or refuses or fails to follow the directions issued by the State Government under this Act, the State Government may remove the Chairman and the members of the Board and appoint a Chairman and members in their places.]

**1. Section 10 renumbered as subsection (1) thereof by act 101 of 1956, Sec. 5 (w.e.f. 30th December 1956).**

**2. Subs. by the A.0. 1950, for "the Central".**

**3. Subs. by Act 101 of- 1956. Sec. 5, for Cl. (e) (w.e.f. 30th December 1956).**

**4. Ins. by ibid. Sec. 5, for sub-sections (2) to (5).**

1**[10-A. POWER OF STATE, GOVERNMENT TO DECLARE CERTAIN TRANSACTIONS VOID. -**

(1) The State Government may declare void any transaction in connection with which a member has been removed under sub- clause (iii) of- Cl. (e) of sub-section (1) of Sec. 10 after considering the report on the facts of the case made to it by a District Judge nominated by it in this behalf.

(2) A District Judge nominated under sub-section (1) shall, before making his report under that sub-section, to the State Government in relation to any transaction, give all parties interested in the transaction a reasonable opportunity of being heard.

(3) Where a transaction is declared void under this section, it shall not be enforceable by any party to the transaction but the provisions of Sec. 65 of The Indian Contract Act, 1872 (9 of 1872), shall, so far as may be, apply to such transaction as they apply to an agreement which is discovered to be void or a contract which becomes void.

(4) The decision of the State Government declaring any transaction void under this section shall be final and shall not be called in question in any Court.]

**1. Ins. by ibid. Sec. 6 (w.e.f. 30th December 1956).**

**11. TEMPORARY ABSENCE OF MEMBERS. -**If the Chairman or any other member of the Board is by infirmity or otherwise rendered temporarily incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the State Government may appoint another person to

officiate for him and carry out his functions under this Act or any rule or regulation made there under.

**12. INCORPORATION OF BOARD**. -The Board shall be a body corporate by the name notified under sub-section (1) of Sec. 5, having perpetual succession and a common seal, with power to acquire and hold property both moveable and immovable, and shall by the said name sue and be sued.

**[1][12-A. BOARD MAY HAVE CAPITAL STRUCTURE. –**

(1) The State Government may, if it considers expedient so to do, by notification in the Official Gazette, direct that the Board shall, with effect from such date as may be specified in the notification, be a body corporate with such capital, not exceeding ten crores of' rupees, as the State Government may specify from time to time.

(2) The State Government may, from time to time, with the approval of the State Legislature, increase the maximum limit of the capital referred to in sub-section (1) to such extent as that Government may deem fit, so, however, that the increased maximum limit of capital aforesaid shall not exceed the amount representing the aggregate of the outstanding loans of the Board.

(3) Such capital may be provided by the State Government, from time to time, after due appropriation made by the State Legislature by law for the purpose and subject to such terms and conditions as may be determined by the Government.]

**1. Ins by Act 23 of 1978, Sec. 4 (w.e.f. 3rd June, 1978).**

**13. AUTHENTICATION OF ORDERS AND OTHER INSTRUMENTS OF THE BOARD. -** All orders and decisions of the Board shall be authenticated by the signature of the Chairman or any other member authorized by the Board in this behalf, and all other instruments issued by the Board shall be authenticated by the signature of such member or officer of the Board as may in like manner be authorized in this behalf.

**14. MEETINGS OF THE BOARD. -**

(1) The Board shall hold ordinary meetings at such intervals as may be provided in the regulations; and a meeting may be convened by the Chairman at any other time for the transaction of urgent business.

(2) The number of members necessary to constitute a quorum at a meeting shall be such as may be provided in the regulations.

**15. APPOINTMENT OF STAFF. -**The Board may appoint a Secretary and such other officers and [1][employees] as may be required to enable the Board to carry out its functions under this Act:

[2][Provided that the appointment of the Secretary shall be subject to the approval of the State Government].

**1. Subs. by Act 23 of 1978, Sec. 5, for the word "servants" (w.e.f. 3rd June, 1978).**

**2. Ins. by Act 101 of 1956, Sec. 7 (w.e.f. 30th December, 1956).**

**STATE AMENDMENT**

**UTTAR PRADESH. -**In Sec. 15 of the Electricity (Supply), Act, 1948, as amended in its application to Uttar Pradesh, hereinafter in this Chapter referred to as the principal Act, after the existing proviso, the following proviso shall be inserted and be deemed always to have been inserted, namely:-

"Provided further that the Board may, by regulations, delegate its power of appointment under this section to the Chairman or, any member of the Board or to any other officer or authority subordinate to it"[1]

1. **Vide U.P. Act No. 12 of 1983, Sec. 6.**

[1]**[15-A.** [2]**[* * *] OBJECTS, JURISDICTION, ETC. OF GENERATING COMPANIES. –**

[3][(1) * * *]

[4][(2) The objects of a Generating Company shall include-

(a) Establishment, operation and maintenance of generating stations and tie-lines, sub-stations, and main transmission lines connected therewith;

(b) Operation and maintenance of such generating stations, tie-lines, sub-stations and main transmission lines as are assigned to it by the competent government or governments.

(3) The Generating Company shall carry on its activities within such areas as the competent Government or Governments, as the case may be, may, from time to time, specify in this behalf.]

[5](4) [ * * * * * * * ]

(5) A full-time member of the Board of Directors of a Generating Company shall be a person who has experience of, and has shown capacity in, -

(a) (a)Design, construction, operation and maintenance of generating stations:

(b) (b)Transmission and supply of electricity;

(c) (c)Applied economics;

(d) (d)Organising workers;

(e) Industrial, commercial or financial matters; or

(f) Administration in a Government Department or other establishment.

[6][(6) [ * * * * * * * ]

[5][(7) [ * * * * * * * ]

1. **Ins. by Act 115 of 1976, Sec. 8 (w.e.f. 8th October, 1976).**
2. **Omitted by Act 50 of 1991. Sec. 4 (w.e.f. 15th October, 1991).**
3. **Omitted by ibid.**

**4. Subs. by ibid.**

**5 . Omitted by Act 50 of 1991, Sec. 4 (w. e. f. 1 5th October, 199 1).**

**6. Omitted by Sec. 4, ibid., (w.e.f. 15th October, 1991).**

**16. STATE ELECTRICITY CONSULTATIVE COUNCIL. -**

(l) The State Government shall constitute a 1[State Electricity Consultative Council] for the State, and in cases to which Sees. 6 and 7 apply, the State Governments concerned shall constitute such one or more 2[State Electricity Consultative Council] or Councils and for such areas as they may by agreement determine.

(2) The 2[State Electricity Consultative Council] shall consist of 3[the members of the Board and, if there are any Generating Company or Generating Companies operating in the State, one representative of the Generating Company or each of the Generating Companies, to be nominated by the Generating Company concerned,] and such other persons being not less then 4[eight] and not more than fifteen as the State Government or the State Governments concerned may appoint after consultation with such representative or bodies representative of the following interests as the State Government or the State Governments concerned thinks or think fit, that is to say, local self-government, electricity supply industry, commerce, industry, transport, agriculture, 5[labour employed in the electricity supply industry and consumers of electricity], but so that there shall be at least one member representing each such interest in the Council.

(3) The Chairman of the Board shall be ex-officio Chairman of the 2[State Electricity Consultative Council].

(4) The 2[State Electricity Consultative Council] shall meet at least once in every three months.

(5) The functions of the 6 [State, Electricity Consultative Council] shall be as follows:

(i) To advise 7[the Board and the Generating Company or Generating Companies, if any, operating in the State] on major questions of policy and major schemes:

(ii) To review the progress and the work of 8[the Board and the Generating Company or Generating Companies, if any, operating in the State] from time to time;

(iii) To consider such other matters as 8[the Board and the Generating Company or Generating Companies, if any, operating in the State] may place before it; and

(iv) To consider such matters as the State Government may by rules prescribe.

9[(6) The Board shall place before the State Electricity Consultative Council the annual financial statement and supplementary statement, if any, and shall take into (Consideration any comments made on such statement in the said Council before submitting the same to the State Government under Sec. 6 1.]

**1. Subs. by Act 101 of 1956, Sec. 8, for the words "State Electricity Council" (w.e.f. 30th December, 1956).**

**2. Omitted by Sec. 4, ibid., (w.e.f. 15th October, 1991).**

**3. 3.Subs. by Act 115 of 1976, Sec. 9, for the words "the members of the Board" (w.e.f. 8th October, 1976).**

**4. Subs. by Act 30 of 1966, Sec. 4, for the word "seven" (w.e.f 16th September, 1966).**

**5. Subs. by Act 101 of 1956, Sec. 8, for the word "and labour employed in the electricity supply industry" (w.e.f. 30th December. 1956).**

**6. Subs by Act 101 of 1956, Sec. 8., for the words "State Electricity**

**7. Council" (w.e.f. 30th December, 1956),**
**Subs. by Act 115 of 1976, Sec. 9 for the words "the Board" (w.e.f. 8tb October, 1976).**

**8. Subs. by Act 101 of 1956, Sec. 8 for the word and labour employee in the Electricity Supply industry" (w.e.f. 30th December, 1956.**

**9. Subs. by Act 30 of 1966, Sec. 4, for sub-section (6) (w.e.f. 16th September 1966).**

**17. LOCAL ADVISORY COMMITTEE. –**

(1) The State Government may from time to time constitute for such areas as it may determine Local Advisory Committees, consisting of such number of persons as it may think fit in each case and on such terms and conditions as may be prescribed.

(2) The Board may if it thinks fit consult the Local Advisory Committees concerned on any business coming before it, and shall so do in respect of such business as the State Government may by general or special order in this behalf specify or when required by the regulation so to do.

(3) The Chairman of the Board or such other member of the Board as he may nominate in this behalf shall be ex officio Chairman of a Local Advisory Committee.

(4) Local Advisory Committees shall meet at such intervals as may be prescribed, and for the transaction of urgent business on such other occasions as the Chairman of the Board may require.

(5) The number of members necessary to constitute a quorum at a meeting of a Local Advisory Committee shall be such as the State Government when constituting the Committee may specify.

## CHAPTER IV
## POWERS AND DUTIES OF [1][STATE ELECTRICITY BOARDS AND GENERATING COMPANIES]

**1. Subs. by Act 115 of 1976, Sec. 10, for the words "State Electricity Boards" (w.e.f. 8th October, 1976).**

[1][**18. GENERAL DUTIES OF THE BOARD".** –Subject to the provisions of this Act, the Board shall be charged with the following general duties, namely:

(a) To arrange, in co-ordination with the Generating Company or Generating Companies, if any, operating in the State, for the supply of electricity that may be required within the State and for the transmission and distribution of the same in the most efficient and economical manner with particular reference to those areas which are not for the time being supplied or adequately supplied with electricity;

(b) To supply electricity as soon as practicable to a licensee for other person requiring such supply if the Board is competent under this Act so to do;

(c) To exercise such control in relation to the generation, distribution and utilisation of electricity within the State as is provided for by or under this Act;

(d) To collect data on the demand for, and the use of, electricity and to formulate perspective plans in co-ordination with the Generating Company or Generating Companies, if any, operating in the State for the generation, transmission and supply of electricity within the State;

(e) To prepare and carry out schemes for transmission, distribution and generally for promoting the use of electricity within the State; and

(f) To operate the generating stations under its control in co-ordination with the Generating Company or Generating Companies, if any,

operating in the State and with the Government or any other Board or agency having control over a power system.

**1. Subs. by Sec. 11, ibid. for Sec. 18 (w.e.f. 8th October, 1976).**

**18-A. DUTIES OF GENERATING COMPANY.** –

(l) Subject to the provisions of the Act, a Generating Company shall be charged with the following duties, namely:

(a) To establish, operate and maintain such generating stations and the lines, sub-stations and main transmission lines connected therewith, as may be required to be established by the 1[competent Government or Governments] in relation to the Generating Company;

(b) To operate and maintain in the most efficient and economical manner the generating stations, tie-lines, sub- stations and main transmission lines, assigned to it by the competent Government or Governments in co-ordination with the Board or Boards, as the case may be, and the Government or agency having control over the power system, if any connected therewith, and

(c) To carry out subject to the provisions of Sec. 21, detailed investigations and prepare schemes, in co-ordination with the Board or Boards, as the case may be, for establishing generating stations and tie-lines, sub-stations and transmission lines connected therewith, in such manner as may be specified by the Authority.

(2) Without prejudice to the generality of its duties under Sec. 18, the Board shall, until a generating Company begins to operate in any State, perform the duties of a Generating Company under this section in that State.]

1. Subs by Act 50 of 1991, Sec. 5 (w.e.f. 15th October 1991).

**19. POWERS OF THE BOARD TO SUPPLY ELECTRICITY. –**

(1) The Board may, subject to the provisions of this Act, supply electricity to any licensee or person requiring such supply in any area in which a scheme sanctioned under Chapter V is in force:

Provided that the Board shall not, -

(a) Supply electricity for any purpose directly to any licensee for use in any part of the area of supply of a bulk-licensee without the consent of the bulk-licensee, unless the licensee to be supplied has an absolute right of veto on any right of the bulk-licensee to supply electricity for such purpose in the said part of such area, or unless the bulk-licensee is unable or unwilling to supply electricity for such purpose in the said part of such area, on reasonable terms and conditions and within a reasonable time, or

(b) Supply electricity for any purpose to any person, not being a licensee for use in any part of the area of supply of a licensee without the consent of the licensee, unless, -

(i) The actual effective capacity of the licensee's generating station computed in accordance with Para. IX of the First Schedule at the time when such supply was required was less than twice the maximum demand asked for by any such person; or

(ii) The maximum demand of the licensee, being a distributing licensee and taking a supply of energy in bulk is, at the time of the request less than twice the maximum demand asked for by any such person; or

(iii) The licensee is unable or unwilling to supply electricity for such purpose in the said part of such area on reasonable terms and conditions and within a reasonable time.

(2) After the Board has declared its intention to supply electricity for any purpose in any area for which purpose and in which area it is under this section competent to supply electricity, no licensee shall, the provisions of his licence notwithstanding, at any time, be entitled without the consent of the Board to supply electricity for the purpose in that area.

(3) For the purposes of sub-section (1) "absolute right of veto" means an unqualified right vested in a licensee by virtue of any law, licence or other instrument whereby a bulk-licensee is prevented from supplying electricity in any specified area without the consent of the licensee in whom the right of veto vests.

(4) If any question arises under sub-section (1) as to the reasonableness of the terms or conditions or time therein

mentioned, it shall be determined [1][by arbitration] as provided in Sec. 76.

1. Ins. by Act 30 of 1966. Sec. 5 (w.e.f. 16th September, 1966).

**20. POWERS TO THE BOARD TO ENGAGE IN CERTAIN UNDERTAKINGS.-**The Board may, in accordance with any "regulations made in this behalf, manufacture, purchase. Sell or let on hire on the execution of a hire-purchase agreement or otherwise, any electric machinery, control-gear, fittings, wires or apparatus for lighting, heating, cooling, or motive power or for any other purpose for which electricity can or may be used', or any industrial or agricultural machinery operated by electricity, and may install, connect, repair, maintain or remove such fittings, wires, apparatus, machinery or control-gear and in respect thereof demand and take such remuneration or rents and charges and make such terms and conditions as it deems fit.

(2) The Board may maintain shops and show-rooms for the display, sale or hire of fittings, wires, apparatus and machinery as aforesaid, conduct displays, exhibitions and demonstrations thereof, and generally do all things, including advertising, incidental to the sale and hire of such fittings, wires, apparatus and machinery and to the promotion and encouragement of the use of electricity.

(3) The Board shall show separately in its accounts moneys received and expended by it in connection with any undertakings in which it engages under this section.

1[**20-A. LEASING OUT, ETC. OF GENERATING STATIONS. --**The State Government may, in respect of any generating station owned by it (including transmission lines and other works connected therewith) make arrangements with the Board or a Generating Company for its operation and maintenance on such terms and conditions as may be agreed upon between the State Government and the Board or the Generating Company, as the case may be.]

**1. Subs. by Act 11 5 of 1976. Sec. 12, for Sec. 20-A (w.e.f. 8th October. 1976)**

**21 POWERS OF BOARD IN RELATION TO WATER POWER-**1[The Board or a Generating Company may], with the previous approval of the State Government, take such measures as 2{in the opinion of the Board or the Generating Company, as the case may be], are calculated to advance the development of water-power in the State, and may organize and carry out power and hydrometric survey work and cause to be made such maps,

plans, sections and estimates as are necessary for any the said purposes 3[and in such manner as the Authority may, form time to time specify]:

Provided that where any such measures relate to source of water- power already operated upon by a licensee under a licence, the Board shall give the licensee notice of such measure and an opportunity to be hears on any representations he may desire to make in that behalf and may consider such representation.

**1. Subs. by Sec. 13, ibid. For the words "The Board may" (w.e.f'. 8th October. 1976).**

**2. Subs. by ibid. Sec. 13. For the words "in the opinion of the Board" (w.e.f. 8th October. 1976).**

**3. Ins. by ibid, Sec. 13 (w.e.f. 8th October, 1976).**

**22. POWER TO BOARD TO CONDUCT INVESTIGATIONS**. -Subject so far as the Provisions of this s er to the previous approval of the

State Government, the Board may at its own expense conduct such investigations, experiments and trials as it thinks fit for the improvement of the methods of transmission, distribution and supply of electricity or of the utilisation of fuel, water-power or other means of generating electricity, and may establish and maintain laboratories for the testing and standardisation of electrical instruments and equipment.

**23. 23. LOANS BY BOARD TO LICENSEES. -**

(l) Subject to any regulation made in this behalf, the Board may grant loans or advances to any licensee for the purposes of his undertaking on such terms as the Board thinks proper.

(2) The Board in the discharge of its functions may call upon a licensee to expand his undertaking and offer to advance to him a loan on such terms and conditions as it may deem proper for such expansion, and if the licensee refuses, fails or neglects to accept the loan from the Board on the terms and conditions offered or to raise a loan from other sources or to employ his own funds [1][* * *] for purposes of such expansion and to carry out such expansion, the Board may, after having the licensee six months' notice in writing, purchase his undertaking.

**1. The words "on terms similar to terms offered by the Board" omitted by Act 101 of 1956, Sec. 9 (w.e.f. 30th December 1956).**

**24. POWER TO BOARD TO CONTRIBUTE TO CERTAIN ASSOCIATIONS.** -The Board may, subject to any regulations made in this behalf,-

(1) Pay such subscriptions as it thinks fit to any association for the promotion of the common interest of persons engaged in the generation, distribution and supply of electricity and the members of which consist mainly of such persons;

(2) Contribute such sums as it thinks fit to the funds of any recognised society the object of which is to foster the development and use of electricity or promotion of knowledge and research in respect of electricity or electrical appliances.

**25. CONSULTING ENGINEERS.** -The Board may, subject to such conditions as may be prescribed, from time to time appoint qualified persons to be consulting engineers to the Board and pay them such remuneration as it thinks proper.

**26. BOARD TO HAVE POWERS AND OBLIGATIONS OF LICENSEE UNDER ACT 9 OF 1910.** -Subject to the provisions of this Act, the Board shall, in respect of the whole State, have all the powers and obligations of a licensee under The Indian Electricity Act, 19 10 (9 of 19 1 0), and this Act shall be deemed to be the licensee of the Board for the purposes of that Act:

Provided that nothing in Sees. 3 to I 1, subsections (2) and (3) of Sec. 21 and [1][Sec. 22, sub-section (2) of Sec. 22-A and Secs. 23 and 271 of that Act or in [2][CIS. I to V, Cl. VII and Cls. IX to XII] of the Schedule to that Act relating to the duties and obligations of a licensee shall apply to the Board:

[3][Provided further that the provisions of Cl. VI of the Schedule to that Act shall apply to the Board in respect of that area only where the Board has laid distribution mains and the supply of energy through any of them has commenced.]

**1. Subs by Act 32 of 1959, Sec. 4 1, for the words "Secs. 22, 23 and 27 (w.e.f. 5th September 1959).**

2. **Subs. by Act 101 of 1956, Sec. 10 for the words "Cls. I to XII (w.e.f. 30th December, 1956).**

3. **Ins. by Sec. 10, ibid.**

## STATE AMENDMENT

**UTTAR PRADESH. -**In Sec. 26 of The Electricity (Supply) Act, 1948, as amended in its application to Uttar Pradesh, hereinafter in this chapter referred to as the Principal Act, for the second proviso, the following proviso shall be substituted:

"Provided further that the provisions of Cl. VI of the Schedule to that Act shall apply to the Board, with the following modifications in respect of that area where the Board has laid distribution mains and the supply of energy through any of them has commenced:

In sub-clause (I)-

(a) For the opening paragraph, the following paragraph shall be substituted:

Where after distributing mains have been lay down under the provisions of Cl. IV or Cl. 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 six months of the making of the requisition 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;

(b) For the fourth proviso thereto, the following proviso shall be substituted:

"Provided fourthly, that if any requisition is made for 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 three years, as such Inspector may think sufficient for the purpose of amending the distributing main or laying down or placing a further distributing main,"

(c) After the fourth proviso thereto, the following proviso shall be inserted namely:

"Provided, fifthly, that the Board may with the approval of the State Government prepare a scheme for an area providing for the supply of electricity for the Purposes of agricultural operations on priority basis subject to the conditions of payment of priority charges either in a lump sum or in such installments as may be specified in the scheme, and where such scheme is prepared, the person making the requisition for the supply of energy in accordance with the terms of the

scheme shall be entitled to supply of energy on priority basis within three months from the making of the requisition and to continuance of such supply save in so far as the Board is prevented, from doing so by cyclones, floods, storms or other occurrences beyond its control, and subject further to any Fostering in accordance with the terms of the scheme."[1]

**4. Vide the Electricity Laws (Uttar Pradesh Amendment). Act. 1974 (36 of 1974), Sec. 6.**

**[1][26-A. APPLICABILITY OF THE PROVISIONS OF ACT 9 OF 1910 TO GENERATING COMPANY. –**

(1) Notwithstanding anything contained in sub-section (2), nothing in The Indian Electricity Act, 1910 (9 of 1910)", shall be deemed to require a Generating Company to take out a licence under that Act, or to obtain sanction of the State Government for the purpose of carrying on any of its activities.

(2) Subject to the provisions of this Act, Sees. 12 to 19 (both inclusive) of The Indian Electricity Act, 1910 (9 of 19 1 0), and Cls. XIV to XVII (both inclusive) of the Schedule thereto, shall, as far as may be, apply in relation, to a Generating Company as they apply in relation to a licensee under that Act (hereafter in this section referred to as the licensee) and in particular a Generating Company may, in connection with the performance of its duties, exercise-

(a) All or any of the powers conferred on a licensee by subsection (1) of Sec. 12 of The Indian Electricity Act, 1910 (9 of 19 10), as if, -

(i) The reference therein to licensee were a reference to t e Generating Company;

(ii) The reference to the terms and conditions of licence were a reference to the provisions of this Act to the articles of association of the Generating Company; and

(iii) The reference to the area of supply was a reference to the area specified under sub-section (3) of Sec. 15- A in relation to the Generating Company;

(b) All or any of the powers conferred on a licensee by sub-section (1) of Sec. 14 of the Indian Electricity Act, 19 10 (9 of 19 1 0), as if-

(i) The references therein to licensee were references to the Generating Company; and

(ii) The Generating Company had the powers of a licensee under the said Act.

(3) The provisions of Sec. 30 of the Indian Electricity Act, 1910 (9 of 19 1 0) shall not apply to the transmission or use of energy by a Generating Company.

(4) For the removal of doubts, it is hereby declared that Sees. 31 to 34 (both inclusive) of The Indian Electricity Act, 1910 (9 of 19 1 0), shall apply to a Generating Company.

**1. Ins, by Act I 1 5 of 1976, Sec. 14 (w.e.f. 8th October, 1976).**

**27. OTHER FUNCTIONS. OF 'THE BE BOARD OR A GENERATING COMPANY.** -[1][The Board or a Generating Company] shall have such further powers and duties as are provided in this Act.

**1. Subs. by Act 115 of 1976, Sec. 15, for the words' The Board" (w.e.f. 8th October, 1976).**

## STATE AMENDMENT

**PUNJAB, HARYANA AND CHANDIGARH.** -After Sec. 27, the following section shall be inserted, name L-41-

**"27-A. Transfer of electrical work of Bhakra-Nangal Project to Board.** -Notwithstanding anything contained in this Act, the State Government of Punjab (hereinafter referred to as the State Government), may transfer to the Board, for the purposes of this Act, its rights and interests relating to the management and control of the electrical portion of the Bhakra-Nangal Project and all work connected therewith, including common pool works and works, if any, undertaken by the State Government on behave of the Government of Rajasthan, and on such transfer the Board shall assume the control and management of such rights and interests subject to the

terms of any agreement relating to common pool works as may have been or may be executed in that behalf by the State Government with the Government of Rajasthan.

**Explanation.** -For the purposes of this section the expression "common pool works" shall mean the following works: -

(i) Bhakra Power-House including the step-up and sub-station.

(ii) Nangal Power-houses at Ganguwal and Kotla including the step-up Sub-stations at these places.

(iii) Double-circuit 132 kv. Transmission Lines between Ganguwal Powerhouse and Ludhiana, including the connected Grid Sub- station at Ludhiana.

(iv) 132120 kv. Double-circuit Transmission Line between Bhakra and Delhi, and the connected Grid Sub-stations at Dhulkote (Ambala), Panipat and Delhi.

(v) Single-circuit 132 kv. Transmission Line between Ludhiana and Muktsar including the connection Grid Sub-stations at Moga and Muktsar.

(vi) Single-circuit 132 kv. Transmission Line between Panipat and Hissar including Hissar.

the connection Gird Sub-stations at Hansi and

(vii) Three-circuit 66 kv. Transmission Line from Bhakra Power-house to the Nangal Fertilizer Factory"[1]

**1. Vide Punjab Act No. 9 of 1959, Sec. 2 as amended by Punjab Act No. 2 of 196 1, Sec. 2, and Central Act XXXI of 1966. Sec. 88.**

## CHAPTER V

## [1][THE WORKS AND TRADING PROCEDURE OF THE BOARD

**AND**
**THE GENERATING COMPANY]**

**1. Subs. by Act 115 of 1976, Sec. 16, for the former heading (w.e.f 8th October, 1976).**

**1[28. PREPARATION AND SANCTIONING OF SCHEMES. -**

(1) For the efficient performance of its duties under this Act, the Board or a Generating Company, as the case may be, may prepare one or more schemes, relating to the establishment or acquisition of generating stations, tie-lines, substations or transmission lines as are referred to in Cl. (e) of Sec. 18 or Cl. (c) of sub-section (1) of Sec. 18-A as the case may be.

(2) The Board or, as the case may be, the Generating Company which has prepared a scheme may, sanction such scheme either generally or in respect of any part of the area specified in the scheme and where a scheme has been sanctioned in respect of any part of the area such scheme subsequently be sanctioned in respect of any other part of that area:

Provided that where the scheme is of the nature referred to in sub-section (1) of Sec. 29, the scheme shall not be sanctioned (generally or for part of an area) by the Board or the Generating Company except with the previous concurrence of the Authority.

2[(2-A) The Board or, as the case may be, the Generating Company shall, as soon as may be after it has sanctioned any scheme which is not of the nature referred to in Sec. 29 forward the scheme to the Authority and, it required by Authority so to do, supply to the Authority any information incidental or supplementary to the scheme within such period as may be specified by the Authority.]

(3) Every scheme sanctioned under this section shall be published in the Official Gazette and in such local newspapers as the Board or, as the case may be, the Generating Company may consider necessary.]

**1. Subs by Sec. 17, ibid, for Secs. 28 and 29 (w.e.f. 8th October, 1976).**

**2. Ins by Act 48 of 1984, Sec. 2 (w.e.f. 1st October, 1984).**

**1[29. SUBMISSION OF SCHEMES FOR CONCURRENCE OF AUTHORITY ETC.-**

2[(1) Every scheme estimated to involve a capital expenditure exceeding such sum, as may be fixed by the Central Government, from time to time, by notification in the Official Gazette, shall, as soon as may be after it is prepared, be submitted to the Authority for its concurrence.]

(2) Before finalisation of any scheme of the nature referred to in sub-section (1) and the submission thereof to the Authority for

concurrence, the Board, or as the case may be, the Generating Company shall cause such scheme, which among other things shall contain the estimates of the capital expenditure involved, salient features thereof and the benefits that may accrue there from, to be published in the Official Gazette of the State concerned and in such local newspapers as the Board or the Generating Company may consider necessar the date, not being less than two

months after the date of such publication, before which licensees and other persons interested may make representations on such scheme.

(3) The Board or, as the case may be, the Generating Company may, after considering the representations, if any, that may have been received by it and after making such inquiries as it thinks fit, modify the scheme and the scheme so finally prepared (with or without modifications) shall be submitted by it to the Authority along with the representations.

(4) A copy of the scheme finally prepared by the, Board or, as the case may be, the Generating Company under sub-section (3) shall be forwarded to the State Government or State Governments concerned:

Provided that where the scheme has been prepared by a Generating Company in relation to which the Central Government is the 1[competent Government or one of the competent Governments,] a copy of the scheme finally prepared shall be forwarded also to the Central Government.

(5) The Authority may give such directions as to the form and contents of a scheme and the procedure to be followed in, and any other matter relating to, the preparation, submission and approval of such scheme, as it may think fit.

(6) In respect of any scheme submitted to the Authority for its concurrence under sub-section (1), the Board or, as the case may be, the Generating Company shall, if required by the Authority so to do, supply any information incidental or supplementary to the scheme within such period being not less than one month, as may be specified by the Authority. ]

**1. Subs. by Act 115 of 1976, Sec. 17.**
**2. Subs. by Act 50 of 199 1, Sec, 6 (w.e.f. 15th October 1991).**
**3. Subs. by Act 50 of 199 1, Sec. 6 (w.e.f. 15th October, 1991).**

**30. MATTERS TO BE CONSIDERED BY THE AUTHORITY.** -1[The Authority shall, before concurring in any scheme submitted to it under sub-section (1) of Sec. 29 have particular regard to, whether or not in its opinion. -]

(a) Any river-works proposed 2[* * *] will prejudice the prospects for the best ultimate development of the river or its tributaries for power-generation, consistent with the requirements of irrigation, navigation and flood-control, and for this purpose the Authority 3[shall satisfy itself, after consultation with the State Government, the Central Government, or such other agencies as it may deem appropriate,] that an adequate study has been made of the optimum location of dams and other river works;

(b) The proposed scheme will prejudice the proper combination of hydroelectric and thermoelectric power necessary to secure the greatest possible economic output of electric power;

(c) The proposed main transmission lines will be reasonably suitable for regional requirements,

(d) The scheme provides reasonable allowances for expenditure on ca

(e) The estimates of prospective supplies of electricity and revenue there from contained in the scheme are reasonable;

[4][(f) In the case of a scheme in respect of thermal power generation, the location of the generating station is best suited to the region, taking into account the optimum utilisation of fuel resources, the distance of load centre, transportation facilities, water availability and environmental considerations;

(g) The scheme conforms to any other technical, economic or other criteria laid down by the Authority in accordance with the national power policy evolved by it in pursuance of the provisions contained in Cl. (i) of sub-section (1) of Sec. 3,]

[5][And such other directions as may be given by the, Central Government.]

**1. Subs. by Act 115 of 1976 Sec. 18, for the original paragraph (w.e.f. 8th October, 1976).**

**2. The words "by the Board" omitted by ibid, (w.e.f. 8th October, 1976).**

**3. Subs. by ibid. for the words "shall satisfy itself' (w.e.f. 8th October 1976).**

**4. Ins. by Act 115 of 1976, Sec. 18 (w.e.f. 8th October, 1976).**

**5. Added by Act 50 of 1991, Sec. 7 (w.e.f. 15th October, 1991).**

**[1][31. CONCURRENCE OF AUTHORITY TO SCHEME SUBMITTED TO IT BY BOARD OR GENERATING COMPANY.-**

(l) Where a scheme is submitted to the Authority under sub-section (1) of Sec. 29, the Authority may, having regard to the matters referred to in Sec. 30, either concur in the scheme without modification or require the Board or, as the case may be, the Generating Company to modify the scheme in such manner as the Authority specifies in the requisition so as to ensure that the scheme conforms to the national power policy evolved by the Authority in pursuance of the provisions contained in Cl. (i) of sub-section (1) of Sec. 3 and in either case the Authority shall also communicate its decision to the State Government or State Governments concerned:

Provided that where the scheme was submitted for concurrence by a Generating Company in relation to which the Central Government is [2][competent Government or one of the competent Governments] the decision shall be communicated also to that Government.

(2) Where under sub-section (1) the Authority requires that a scheme may be modified, the Board or, as the case may be, the Generating Company may prepare a revised scheme in accordance with such requisition and submit it to the Authority for concurrence, and thereupon the Authority shall, if satisfied that the revised scheme complies with the requisition, concur in the same.

**1. Subs. by Act 115 of 1976. Sec. 19, for Secs. 31. 32 and 33 (w.e.f. 8th October, 1976).**

**2. Subs. by Act 50 of 1991, Sec. 8 (w.e.f. 15th October, 1991).**

**32. POWER TO ALTER OR EXTEND SCHEMES.-**The Board or, as the case may be, the Generating Company may, from time to time, alter or extend a scheme by a supplementary scheme prepared in the manner specified in Sec. 3 1:

Provided that any alterations or extensions of a scheme which are, in the opinion of the Board or, as the case may be, the Generating Company, minor in character may be made without preparing a supplementary scheme:

Provided further that where any alteration or extension of the nature referred to in the first proviso is made in respect of a scheme concurred in by the Authority, details of such alteration or extension shall be intimated to, the Authority as soon as may be after such alteration or extension is Trade.

**33. PROVISIONS APPLICABLE TO SCHEME PREPARED BY STATE GOVERNMENTS. -**The provisions of Sees. 28 to 32 (both inclusive) shall, so far as may be, apply also in relation to a scheme prepared by a State Government for the generation, transmission or distribution of electricity.]

**34. CONTROLLED STATIONS. -**

[1][(1)] Where a generating station situate within an area for which a scheme is in force has been designated in the scheme as a controlled station, the relations between the Board and the licensee owning the station shall, subject to any arrangements agreed under Sec. 47, be regulated by the provisions of the First Schedule.

[2][(2) Notwithstanding anything contained in this Act or any scheme made there under, no generating station owned by a Generating Company shall be designated as a controlled station.]

**1. Section 34 re-numbered as sub-section (1) thereof by Act 115 of 1976, Sec. 20 (w.e.f. 8th October, 1976).**

**2. Ins. by Sec. 20, bid. (w.e.f. 8th October 1976).**

**35. SUPPLY BY THE BOARD TO LICENSEES OWNING GENERATING STATIONS. -**The Board may at any time declare to a licensee owning a generating station, other than a controlled station, situate within an area for which a scheme is in force that it is ready to make a supply of electricity available to the licensee for the purposes of his undertaking, and thereupon, but without prejudice to the provisions of Sec. 47, the provisions of the Second Schedule shall apply in respect of the relations between the Board and the said licensee.

**36. POWER TO BOARD TO CLOSE DOWN GENERATING STATIONS. -** The Board may at any time declare to a licensee owning a generating station situate within an area for which a scheme is in force that the station shall be permanently closed down, and thereupon but without prejudice to the provisions of Sec. 47, where the station is a controlled station the provisions of Part III of the First Schedule, or in other cases the provisions of the Third Schedule, shall apply in respect of the relations between the

Board and the said licensee with reference to the station to be closed down.

**37. PURCHASE OF GENERATING STATIONS OR UNDERTAKING OR MAIN TRANSMISSION LINES BY THE BOARD. -**

(l) Where under the First or Third Schedule any generating station or undertaking is to be purchased by the Board, or where a sanctioned scheme provides for the purchase by the Board of a main transmission line belonging to any licensee, -

(a) The generating station or undertaking from such date of purchase as may be fixed under the appropriate Schedule, or the main transmission line from such date of purchase as the Board shall, by notice in writing given not less than one month before the said date, intimate to the licensee, shall vest in the Board free, save as provided in sub- section (2), from any debt, mortgage, lien or other similar obligation of the licensee or attaching to the station or undertaking or line, as the case may be, and any such debt, mortgage, lien or obligation shall, save as aforesaid, attach to the purchase- money in substitution of the station or undertaking or line:

Provided that notwithstanding any agreement to the contrary the licensee shall pay and the mortgage, chargee, lien-holder or obligee shall accept the whole or part of the purchase-money as the case may be in full or part satisfaction of the debt according as the amount of the purchase-money is more or less than the amount of his debt;

(b) Without prejudice to the provisions of Sec. 47, the Board shall pay, or tender payment of, the price to be determined in accordance with the Fourth Schedule as soon as the amount thereof has been determined, together with interest on such amount from the date of purchase to the date of payment or tender of payment as aforesaid at the rate of one per centum over the average of the Reserve Bank rates between the said dates;

(c) The receipt of the licensee shall notwithstanding in any other law, be a full and sufficient discharge to the Board for the payment due in respect of the purchase.

(2) Where a generating station or undertaking or main transmission line purchased by the Board under this Act is in course of construction, extension or repair at the date of purchase, the rights and liabilities of the former owner thereof under any contract for such construction, extension or repair shall be deemed to have been transferred to the Board, except such rights or liabilities acquired or incurred after the date of receipt of the notice of purchase without the prior sanctions of the Board.

(3) Notwithstanding anything contained elsewhere in this Act, -

(i) Where any generating station purchased by the Board under this Act contains any plant or apparatus which, while the station was in operation, were used jointly for the purposes of generation and

transmission or distribution or wholly for the purposes of transmission or distribution, then unless otherwise agreed between the Board and the licensee, such plant or apparatus shall not be purchased by the Board but shall remain the property of the licensee,

(ii) Where under the provisions of Sec. 28 a scheme provides for the purchase of any main transmission line belonging to any licensee the Board shall not exercise the powers of acquisition thereby afforded without the prior consent of the licensee, which consent shall not be unreasonably withheld.

**38. PROVISION OF NEW GENERATING STATIONS. -**Rep. by the Electricity (Supply) Amendment Act, 1976 (115 of 1976), Sec. 21 (w.e.f. 8th October, 1976).

**39. OPERATION OF BOARD'S GENERATING STATIONS. -**

1[(1)] Where the Board itself establishes a new generating station or acquire a generating station otherwise than for the purpose of closing it down, it shall operate the station itself, but the Board may with the sanction of the State Government, make arrangements with any licensee or other person for its operation, if in the opinion of the Board it is desirable so to do.

2[(2) Where a Generating Company has been established having its activities wholly or partly in a State, the State Government may direct the Board to make over any generating station established or acquired by the Board to the Generating Company subject to such terms and conditions as may be specified in the direction and the Board shall comply with such direction:

Provided that where the Central Government is the 3[competent Government or one of the competent Governments] in relation to the Generating Company, no direction shall be made by any State Government under this sub-section without the concurrence of the Central Government.]

4[(3) For the purposes of this section, no direction shall be issued to a Generating Company wholly or partly owned by the Central Government unless and until the prior concurrence of that Government is obtained.]

1. **Sec. 39 re-numbered as sub-section (1) thereof by Act 115 of 1976, Sec. 22 (w.e.f. 8th October 1976).**
2. **Ins. by Act I 1 5 of 1976, Sec. 22, (w.e.f. 8th October, 1976).**
3. **Subs. by Act 50 of 199 1, Sec. 9 (w.e.f. 15th October, 199 1).**
4. **Ins. by ibid.**

**40. PROVISION REGARDING CONNECTIONS WITH MAIN TRANSMISSION LINES PURCHASED BY THE BOARD.** -Where the Board has purchased a main transmission line and by reason of the user thereof by the Board any alteration or replacement of switch-gear or other apparatus of any licensee connected with the line becomes necessary the Board may in its discretion itself carry out such alteration or replacement at its own cost or defray the reasonable expenses incurred by the licensee in effecting such alteration or replacement and any question whether such alteration or replacement is necessary or whether the expenses incurred in connection

therewith are reasonable shall, in default of agreement, be determined [1][by arbitration] as provided under Sec. 76.

**1. Ins by Act 30 of 1966, Sec. 10 (w.e.f. 16th September 1966).**

**[1][41. USE OF TRANSMISSION LINES. –**

(1) Until the Central Commission is established, the Central Government and thereafter the Central Commission in the case of inter-State transmission system and until the State Commission is established, the State Government and thereafter the State Commission in the case of State transmission system determine the charges payable to the Central Transmission Utility or State Transmission Utility, as the case may be, for the use of transmission system by a Board, its successor entity, Generating Company, licensee or any other person.

(2) The Central Transmission Utility or State Transmission Utility, as the case may be, may enter into an agreement with any transmission licensee for the exclusive use of the transmission system constructed, maintained and operated by the transmission licensee.

(3) Where the Central Transmission Utility or the State Transmission Utility, as the case may be, considers it necessary to use for any purpose any transmission system or transmission line or main transmission line of a generating company or a licensee, it shall have power to use such lines to the extent to which the capacity thereof is surplus to the requirements of the generating company or the licensee on payment of charges calculated in accordance with the provisions of the Fifth Schedule.]

**1. Subs. by the Act no. 22 of 1998, Sec. 10, dated 10th August 1998.**

**42. POWERS TO BOARD FOR PLACING WIRES, POLES, ETC.-**

[1][(1)] Notwithstanding anything contained in Sees. 12 to 16, 18 and 19 of the Indian Electricity Act, 1910 (9 of 19 10), but without prejudice to the requirements of Sec. 17 of that Act where provision in such behalf is made in a sanctioned scheme, the Board shall have, for the placing of any wires, poles, wall-brackets, stays apparatus and appliances for the transmission and distribution of electricity, or for the transmission of telegraphic or telephonic communications necessary for the proper co-ordination of the works of the Board, all the powers which the telegraph authority possesses under Part III of the Indian Telegraph Act, 1885 (13 of 1885) with regard to a telegraph established or maintained by the Government or to be so established or maintained:

Provided that where a sanctioned scheme does not make such provision as aforesaid, all the provisions of Sees. 12 to 19 of the first mentioned Act shall apply to the works of the Board.

[2][(2) A Generating Company may, for the placing of wires, poles, wall-brackets, stays apparatus and appliances for the transmission of electricity, or for the transmission of telegraphic or telephonic communications necessary for the proper co-ordination of the works of the Generating Company, exercise all or any of the

powers which the Board may exercise under subsections (1) and subject to the conditions referred to therein.]

**1. Section (1) thereof by Sec. 24, Act 115 of 1976, (w.e.f. 8tb October, 1976).**

**2. Ins by ibid, Sec. 24 (w.e.f. 8th October, 1976.)**

**43. POWER TO BOARD TO ENTER INTO ARRANGEMENTS FOR PERCHASE OR SALE OF ELECTRICITY UNDER CERTAIN CONDITIONS. -**

(1) The Board may enter into arrangements with any person producing electricity within the State for the purchase by the Board on such terms as may be agreed, of any surplus electricity which that person may be able to dispose of.

(2) Where a sanctioned scheme so provides, the Board may, on such terms as may be agreed upon, enter into arrangements with any Government or person for the purchase or sale of electricity to be generated or used outside the State:

Provided that the Board may not enter into such arrangements with any such Government or person without the consent of the State Government, or into arrangements with any such person without the consent of the Government of the State within which the electricity is to be generated or used.

1[ * * * * *]

**1. Omitted by Act 50 of 199 1, Sec. 1 0 (w.e.f. 15th October, 1991.**

**1[43-A. TERMS, CONDITIONS AND TARIFF FOR OF ELECTRICITY BY GENERATING COMPANY. –**

(1) A Generating Company may enter into a contract for the sale of electricity generated by it-

(a) With the Board constituted for the State or any of the States in which a generating station owned or operated by the company is located;

(b) With the Board constituted for any other State in which it is carrying on its activities in pursuance of sub-section (3) of Sec. 15-A; and

(c) With any other person with consent of the competent Government or Governments.

*(2) The tariff for the sale of electricity by a Generating Company to the Board shall be determined in accordance with the norms regarding operation and the Plant Load Factor as may be laid down by the Authority and in accordance with the rates of depreciation and reasonable return and such other factors as may be determined, from time to time, by the Central Government, by notification in the Official Gazette:

Provided that the terms, conditions and tariff for such sale shall, in respect of a Generating Company, wholly or partly owned by the Central Government, be such as may be determined by the Central Government and in respect of a Generating Company wholly or partly owned by one or more State

Governments, be such as may be determined by the Government or Governments concerned.]

**1. Ins. by Sec. II, ibid. (w.e.f. 15th October 1991).**

**44. RESTRICTION ON ESTABLISHMENT OF NEW GENERATING STATIONS OR MAJOR ADDITIONS OR REPLACEMENT OF PLANT IN GENERATING STATIONS. -**

(1) Notwithstanding anything contained in any other law for the time being in force or in any licence, but subject to the provisions of this Act, it shall not be lawful for a licensee, or, any other person, not being the Central Government or an Corporation created by 1[a Central Act] 2[or any generating Company], except with the previous consent in writing of the Board, to establish or acquire a new generating station or to extend or replace any major unit of plant or works pertaining to the generation of electricity in a generating station:

Provided that such consent shall not, except in relation to a controlled station, be withheld unless within three months from the date of receipt of an application-

(a) For consent to the establishment or acquisition of a new generating station, the Board-

(i) Gives to the applicant being a licensee an undertaking that it is competent to, and will, within twenty-four months from the said date,

afford to him a supply of electricity sufficient for his requirements pursuant to his application; or

(ii) Shows to the applicant that the electricity required by him pursuant to his application could be economically obtained within a reasonable time from another appropriate source;

(b) For consent to the extension of any major unit of plant or works as aforesaid, the Board-

(i) Gives to the applicant being a licensee an undertaking that within twenty-four months from the said date either the station to which the application pertains will become a controlled station in terms of Sec. 34, or the Board will make a declaration to the applicant in terms of Sec. 35 offering him a supply of electricity sufficient for his requirements pursuant to his application, or the Board will make a declaration to him in terms of Sec. 36; or

(ii) Shows to the applicant that the electricity required by him pursuant to his application could be more economically obtained within a reasonable time from another appropriate source or by other appropriate means;

(c) For consent to the replacement of major unit of plant or works, the Board-

(i) Gives to the applicant being a licensee an undertaking that within eighteen months from the said date either the station to which the application pertains will become a controlled station in terms of Sec. 34 or the Board will make a declaration to him in terms of Sec. 36;

or

(ii) Shows to the applicant that the electricity required by him pursuant to his application could be more economically obtained within a reasonable time from another appropriate source or by other appropriate means.

(2) There shall be stated in every application under this section such particulars as the Board may reasonably require of the station plant or works, as the case may be, in respect of which it is made, and where consent is given thereto, in acting in pursuance of such consent, the applicant shall not without the further consent of the Board, make any material variation in the particulars so stated.

3[(2-A) The Board shall, before giving consent under subsection (1), to the establishment or acquisition of a new generating station or to the extension or replacement of any major unit of plant or works, consult the Authority, in cases where the capacity of the new generating station or, as the case may be, the additional capacity proposed to be created by the extension or replacement exceeds twenty-five thousand kilowatts.]

(3) Any difference or dispute arising out of the provisions of this section shall be referred to the arbitration of the Authority.

**1. Subs. by the A.I.O. 1950, for the words "legislation enacted by the Central Legislature."**

**2. Ins by Act 115 of 1976, Sec. 26 (w.e.f. 8th October, 1976).**

**3. Ins. by Act 115 of 1976. Sec. 26 (w.e.f. 8th October, 1976).**

**45. POWER TO BOARD TO ENTER UPON AND SHUT DOWN GENERATING STATIONS IN CERTAIN CIRCUMSTANCES. -**

(l) If any licensee fails to close down his generating stations pursuant to a declaration of the Board under Sec. 36, or if any person establishes or acquires a new generating station or extends or replaces any plant or works in any generating station in contravention of Sec. 44, the Board may authorise any of its officers to enter upon the premises of such station and shut down the station or the plant or works, as the case may be, in respect of which the failure or contravention has occurred.

(2) Any expenses incurred by the Board under this section shall be recoverable by it from the licensee or person concerned as an arrear of land revenue, and for such purpose the Board shall be deemed to be a public officer within the meaning of Sec. 5 of the Reven of 1890).

(3) Any difference or dispute arising out of the provisions of this section shall be referred to the arbitration of the Authority.

**46. THE GRID TARIFF. -**

(1) A tariff to be known as the "Grid Tariff' shall, in accordance with any regulations made in this behalf, be fixed from time to time by the Board in respect of each area for which a scheme is in force, and tariffs fixed under this section may, if the Board thinks fit, differ for different areas.

(2) Without prejudice to the provisions of Sec.47, the Grid Tariff shall apply to sales of electricity by the Board to licensees where so required under any of the First, Second and Third Schedules, and shall, subject as hereinafter provided, also be applicable to sales of electricity by the Board to licensees in other cases:

Provided that if in any such other case it appears to the Board that, having regard to the extent of the supply required, the transmission expenses involved in affording the supply are higher than those allowed in fixing the Grid Tariff, the Board may make such additional charges as it considers appropriate.

(3) The Grid Tariff shall be so framed as to include as part of the charge, and show separately a fixed kilowatt charges component and a running charges component:

Provided that if in respect of any area the electricity to be sold by the Board is wholly or substantially derived from hydroelectric sources, the running charges component may be omitted.

(4) The fixed kilowatt charges component in the Grid Tariff may be framed so as to vary with the magnitude of maximum demand.

(5) Where only a portion of a licensee's maximum demand for the purposes of his undertaking is chargeable at the Grid Tariff, the price payable for that portion shall not be greater than the average price which would have been payable had the whole of the said maximum demand of the licensee been chargeable at the Grid Tariff.

(6) The Grid Tariff may contain provisions for-

(a) Adjustment of price having regard to the power factor of supply taken or the cost of, fuel or both;

(b) A minimum charge related to a past or prospective demand of a licensee on the Board.

(7) The Grid Tariff may contain such other terms and conditions, not inconsistent with this Act and the regulations, as the Board thinks fit.

**47. POWER TO BOARD TO MAKE ALTERNATIVE ARRANGEMENTS WITH LICENSEES.** -Notwithstanding anything contained in Sees. 34 to 37 and sub-section (2) of Sec. 46 but subject to any regulations made in this behalf, the Board may make such arrangements as may be mutually agreed with any licensee whose area of supply is situated within an area for which a scheme is in force, in regard to the purchase or sale of electricity and the price thereof" or the purchase, operation or control of any generation station or main transmission line:

Provided that in making any such arrangement the Board shall not show undue preference to any licensee.

## STATE AMENDMENT

**UTTAR PRADESH.** -Substitution of Sec. 47-A by a new section. –For Sec. 47-A of the Principal Act, the following section shall be substituted and be deemed always to have been substituted, namely:

**"37-A. Security.** -Notwithstanding anything in this act, and notwithstanding that no arrangements have been mutually agreed under Sec. 47 or that no regulations have been made in that behalf:

(a) The Board shall not be bound to comply with any requisition to supply electricity to a licensee unless the licensee within fourteen days after the service on him by the Board of a notice in writing in that behalf, tenders to the Board security in such amount as is equivalent to the average charges for two months supply of electricity during the preceding financial year to the licensee (hereinafter referred to as the average charges), and where an amount in excess of the average charges is demanded by the Board as security, the Board shall determine the same after giving an opportunity of hearing to the licensee;

(b) The Board shall be entitled to discontinue such supply if the licensee has not already given security, or if any security given by him has become invalid or insufficient, and such licensee fails to furnish security or to make up the security to a sufficient amount, as the case may be, within seven days after the service upon him of notice from the Board requiring him so to do."[1]

**1. Vide The Electricity Laws (Uttar Pradesh Amendment) Act, 1974 (36 of 1974), Sec. 7; published in the U.P. Gazette, Extraordinary dated 19th December 1974.**

**48. POWER TO LICENSEE TO CARRY OUT ARRANGEMENTS UNDER THIS ACTS**. - Where under any provision of this Act the Board is authorised or required to enter into arrangements with any licensee for any purpose, then notwithstanding anything contained in any law or in any licence, memorandum of association or other instrument regulating the constitution or powers of the licensee, it shall be lawful for the licensee to enter into and carry out any such arrangements.

**[1][49. PROVISION FOR THE OF ELECTRICITY BY THE BOARD TO PERSONS OTHER THAN LICENSEES. -**

(1) Subject to the provisions of this Act and of regulations, if any made in this behalf, the Board may supply electricity to any person not being a licensee upon such terms and conditions as the Board thinks fit and may for the purposes of such supply frame uniform tariffs.

(2) In fixing the uniform tariffs, the Board shall have regard to all or any of the following factors, namely:

(a) The nature of the supply and the purposes for which it is required;

(b) The coordinated development of the supply and distribution of electricity within the State in the most efficient and economical manner, with particular reference to such development in areas of not for the time being served or adequately served by the licensee;

(c) The simplification and standardisation of methods and rates of charges for such supplies;

(d) The extension and cheapening supplies of electricity to sparsely developed areas.

(3) Nothing in the foregoing provisions of this section shall derogate from the power of the Board, if it considers it necessary or expedient to fix different tariffs for the supply of electricity to any person not being a licensee, having regard to the geographical position of any area, the nature of the supply and purpose for which supply is required and any other relevant factors.

(4) In fixing the tariffs and terms and conditions for the supply of electricity, the Board shall not show undue preference to any person.]

**1. Subs. by Act 30 of 1966, Sec. 11, for Sec. 49 (retrospectively) (w.e.f. 16th September, 1966).**

## STATE AMENDMENTS

**KARNATAKA**. -In Sec. 49 of the Electricity (Supply) Act, 1948 (Central Act 54 of 1948) (hereinafter referred to as Principal Act after sub-section (4) the following sub-sections shall be inserted, namely:

"(5) The party to an agreement or any other arrangement entered into prior to the commencement of the Electricity (Supply) (Karnataka Amendment) Act, 1981, and providing for supply of electricity by the Board shall notwithstanding anything contained in the instrument of agreement or other arrangement or in any law including this Act, in force at such commencement, pay, in respect of electricity so supplied after such commencement, price (by whatever name called) calculated in accordance with the uniform tariff framed or modified from time to time, under sub-section (1) and applicable to the category to which such party belongs.

(6) The party to any such agreement or arrangement entered into after the commencement of the Electricity (Supply) (Karnataka Amendment) Act, 1981, shall, notwithstanding anything contained in this Act, or in such agreement or other arrangement, pay, in respect of electricity supplied by the Board, price (by whatever name called) calculated in accordance with the uniform tariff framed or modified from time to time under sub-section (1) and applicable to the category to which such party belongs.

(7) The uniform tariff framed under sub-section (1) I may, subject to sub-section (2), be modified from time to time by the Board."[1]

**1. Vide the Electricity (Supply) (Karnataka Amendment) Act, 1981 (33 of 1981).**

**KERALA. -**In Sec. 49 of the Electricity (Supply) Act, 1948 (Central Act 54 of 1948), hereinafter referred to as Principal Act after sub-section (4), the following sub-section shall be inserted, namely:-

"(5) The party to an agreement or any other arrangement entered into prior to the commencement of The Electricity (Supply) Kerala Amendment Act, 1983 and providing for supply of electricity by the Board shall, notwithstanding anything contained in the instrument of such agreement or other arrangement or in any law including this Act in force at such commencement,-

(a) Pay, in respect of the electricity supplied after such commencement, such price (by whatever name called) calculated in accordance with the uniform tariff framed or modified from time to time under sub- section (1) and applicable to the category lo which such party belongs:

(b) Not be entitled to reimbursement by the Board from such price of any amount, whether on account of increase in price of the electricity supplied to it by the Board or on account of any tax, duty, surcharge, levy, cess or any other imposition or charges payable by such party in respect of the electricity supplied to it by the Board "[1]

**1. Vide the Electricity (Supply) (Kerala Amendment) Act, 1983, (7 of 1983),**

**ORISSA. -**In The Electricity (Supply) Act, 1948 (54 of 1948), in its application to the State of Orissa (hereinafter referred to as the Principal Act), after Sec. 49, the following new section shall be inserted and shall be deemed always to have been inserted, namely:

**"49-A.Power of the Board to revise certain tariffs. –**

(1) Notwithstanding anything contained in this Act or in any arrangement, undertaking, commitment or concessions made before the date of commencement of the Electricity (Supply) (Orissa Amendment) Act, 1981 by the Orissa State Electricity Board or the Government of the State of Orissa, or in any judgment or order of any Court, it shall be lawful for the said Board to revise, from time to time, the tariffs fixed for the supply of electricity to persons other than licensees and to frame uniform tariffs for the purpose of such supply.

(2) In revising the tariffs or framing uniform tariffs under sub- section (1), the said Board shall be guided by the principles set out in Sec. 59 and as respects any period commencing on and from the 16th day of September, 1966, by the principles set out in sub- sections (2), (3) and (4) of Sec. 49.

(3) All such agreements, undertakings, commitments or concessions as are referred to in sub-section (1) shall, in so far as they are inconsistent with the provisions of sub-sections (1) and (2) and to the extent of the tariffs fixed or the provisions made therein - for such fixation, be void and shall be deemed always to have been void."[1]

**1. Vide The Electricity (Supply) (Orissa Amendment) Act, 1981 (19 of 1981).**

**RAJASTHAN.** -Insertion of new Sees. 49-A and 49-B in Central Act LIV of 1948. -In The Electricity (Supply) Act, 1948 (54 of 1948), in its application to the State of Rajasthan, after Sec. 49, the following new sections shall be and shall be deemed always to have been inserted, namely:-

**"49-A. Power of the Board to revise certain tariffs. –**

(1) Notwithstanding anything contained in this Act or in any agreement, undertaking, commitment or concessions made, before the first day of April, 1964, by the Rajasthan State Electricity Board or Government of Rajasthan or by the ruler or Government of any covenanting State of Rajasthan, or in any judgment or order of any Court, it shall be lawful for the said Board to revise, from time to time, the tariffs fixed for the supply of electricity to persons other than licensees and to frame uniform tariffs for the purpose of such supply.

(2) In revising the tariffs or framing uniform tariffs, under sub-section (1), the said Board shall be guided by the principles set out in Sec. 59 and as respects any period commencing on and from the 16th day of September, 1966, by the principles laid down in sub-sections (2), (3) and (4) of Sec. 49.

(3) All such agreements, undertakings, commitments or concessions, are referred to in sub-section (1) shall, in so far as they are inconsistent with the provisions of sub-sections (1) and (2) and to the extent of the tariffs fixed or provisions made therein for such fixation, be void and shall be deemed always to have been void.

**Explanation.** -For purposes of this section and Sec. 49-B, the expression 'covenanting State' shall have the meanings assigned to them by The Rajasthan General Clauses Act, 1955 (Rajasthan Act 8 of 1955).

**"49-B.Validation of certain tariffs, etc.-**Notwithstanding anything contained in the Act or in any agreement, undertaking or concession referred to in sub-section (1) of Sec. 49-A, or in any judgment or order of any Court-

(a) Any amount realised, or demand made or created, by the Rajasthan State Electricity Board, or the Government of Rajasthan or the ruler or Government of any covenanting State of Rajasthan, according to the uniform tariffs in force from time to time, for or against any person claiming any special tariffs under any such agreement, undertaking or concession, before the publication in the Official Gazette of the than Amendment)

Ordinance, 1976, shall be deemed to have been validly realised, made or created under this Act as amended by the said Ordinance;

(b) No such realisation of amount or making or creation of demand shall be questioned in any Court, and if questioned, the objection shall not be maintained by such Court, merely on the ground that there exists an agreement, undertaking or concession, as aforesaid, fixation special tariffs or providing for fixation of special tariff for the sale of electricity to such person;

(c) All suits, applications or proceedings pending on the date of the publication in the Official Gazette of the Electricity Supply (Rajasthan Amendment) Ordinance, 1976, in any Court or before any arbitrator, whether appointed by any Court or by the parties to such agreement shall, in so far as they question the power of the said Board to levy uniform tariffs in accordance with this Act as amended by the said Ordinance or to revise the special tariffs fixed in such agreements, in disregard of the terms of such agreement, abate and any such proceeding before the said arbitrator shall cease to have effect and any such reference for arbitration shall be deemed to have been with drawn from such arbitrator; and

(d) No Court shall execute any decree, order or award for the refund of any amount of uniform tariffs recovered by the Rajasthan State Electricity Board or the Government of Rajasthan or the ruler or Government of any covenanting State."[1]

**1. Vide the Electricity (Supply) (Rajasthan Amendment) Act, 1976 (28 of 1976), published in the Rajasthan Gazette, Part 4, and Ka, dated 17th April 1976.**

**WEST BENGAL,** -(i) In its application to West Bengal after sub-section (4) of Sec. 49 of the Principal Act, the following sub-section shall be inserted:

"(5) Notwithstanding anything contained in this Act or in any agreement, instrument or undertaking, having effect by virtue of this Act, or any commitment or concession made by the Board or by the judgment, decree or order of any Court or by any order of any other authority prior to the commencement of the Electricity (Supply) (West Bengal Amendment) Act, 1994, it shall be lawfid for the Board to frame uniform tariff from time to time, as the case may be, for such supply:

Provided that in framing the uniform tariff under sub- section (1) or in revising such tariff, the Board shall be guided by the provisions of Sec. 59 and sub-section (2), sub-section (3) and sub-section (4) of this section:

Provided further that every such agreement, instrument or undertaking, or commitment or concession, shall, in so far as it is inconsistent with the first proviso as to the extent of tariff fixed or any other matter relating to such-fixation, be void and shall be deemed always to have been void."[1]

(ii) After Sec. 49 of the Act, the following sections shall be inserted, namely:

1. Received the assent of the President on 20th April, 1995, published in the Calcutta Gazette, Extra. Part. 111 dated 20th April 1995.

**"49-A. Price for supply of electricity.** -The price, by whatever name called, for electricity supplied by the Board to any party or person, not being a licensee, by virtue of an agreement, instrument or undertaking, having effect by virtue of this Act, before or after the commencement of the Electricity (Supply) (West Bengal Amendment) Act, 1994, shall be calculated in accordance with the uniform tariff framed under sub-section (1) of Sec. 49 as may be applicable to the category to which such party or person belongs, or the tariff are revised, as the case may be, and shall, notwithstanding anything contained in such agreement, instrument or undertaking or in this Act or in any other law for the time being in force, be paid by such party or person.

**"49-B. Recovery of dues as public demand in certain circumstances. -** Where any sum is due from a consumer on account of supply of electricity or other charges and where such defaulting consumer, being an industrial or commercial concern or establishment, becomes sick financially or otherwise and is wound up or closed or put to sale, or transfers its ownership or management, or is amalgamated with any other industrial or commercial concern or establishment, or where any -scheme is drawn up for re-opening or revitalizing or restricting such industrial or commercial concern or establishment, either under its own ownership or management or under any new ownership or management, whether in the former name or in a new name, for continuing the same process or function or production as was in vogue prior to its becoming sick or for any other purposes, either on its own or by the order of any Court, Tribunal or other authority, then, notwithstanding the foregoing provisions of this section or the order of the Court, Tribunal or other authority, the sum due to the Board or a licensee shall stand recoverable and shall be recovered from the sale proceeds or from the former owner or manager or new owner or manager, as the case may be, as being a charge recoverable as a public demand under the Public Demands Recovery Act, 1913, and the authority under whose order such industrial or commercial concern or establishment is wound up, closed or put to sale, or the Ownership or management is transferred, or is amalgamated, or any scheme is drawn up for its re-opening or revitalization or restructuring, as the case may be, shall take such steps as may be necessary for expeditious recovery and payment of the dues of the Board or the licensee, as the case may be, from such sale proceeds or from the owner or manager together with interest at the rate of Current bank rat e on the outstanding sum as aforesaid for the period commencing from the date on which such sum became due till the date of payment.,"[1]

1. Vide West Bengal Act 50 of 1994, Secs. 3 and 4.

**50. BOARD NOT TO SUPPLY ELECTRICITY CERTAIN CIRCUMSTANCES. -** Nothing contained in Sees. 34, 35 and 36 shall apply in any case where under Sec. 19;

it is not permissible for the Board to supply electricity directly to a licensee owning a generating station; and nothing in Sees. 46,

47 and 49 shall empower the Board to supply electricity directly to any licensee or person to whom it is not otherwise entitled so to supply electricity.

**51. PROVISIONAL PAYMENTS.** -Where the price to be paid for electricity by or to the Board under this Act cannot be finally ascertained until after the end of a year of account, the amount to be paid shall be ascertained as soon as practicable thereafter, but the party from whom the payment is due shall make to the other monthly payments on account of the net amounts due in accordance with estimates made for the purpose, subject to adjustment as soon after the end of the year of account as the actual liability can be ascertained.

**52. LOWER LIMIT OF POWER FACTOR IN SUPPLY BY BOARD.** -Unless otherwise agreed between the Board and the licensee, no supply of electricity taken by a licensee from the Board under this Act shall be taken at an average power factor below 0.85 during the period of maximum demand of the licensee in any month, and in the event of the average power factor as aforesaid being lower than 0.85, the licensee shall within a reasonable time take such measures the cost of which shall not be borne by the Board, as may be necessary to raise it to a value not lower than 0.85.

**53. PROVISION OF ACCOMMODATION AND RIGHT OF WAY.-**

(1) Where the Board for the purposes of any arrangements which it has made with any licensee under this Act requires accommodation on, in, under or over the premises of the licensee for any works or apparatus to be provided by the Board, the licensee shall, if

suitable and sufficient accommodation exists, grant such accommodation free of cost to the Board, or if such accommodation does not exist, it shall be provided upon such terms and conditions as may be agreed between the Board and the licensee.

(2) The Board and any licensee shall each have a right of access at all times to his own property on, in, over and under the property of the other.

**54. POWER TO BOARD TO CONNECT METERS, ETC. TO APPARATUS OF LICENSEES. -**The Board shall have power to connect with the apparatus of any licensee any such correct meters, switch-gear and other equipment as may be necessary to enable it to carry out the provisions of this Act, and such meters, switch-gear and other equipment shall, unless otherwise agreed, be provided and maintained by the Board at its own cost.

[1]**[55. COMPLIANCE OF DIRECTIONS OF REGIONAL ELECTRICITY BOARD, ETC, BY LICENSEES OR GENERATING COMPANIES. –**

(1) Until otherwise specified by the Central Government, the Central Transmission Utility shall operate the Regional Load Dispatch Centers and the State Transmission Utility shall operate the State Load Dispatch Centers.

(2) The Regional Load Despatch Centre shall be the apex body to ensure integrated operation of the power system in the concerned region.

(3) The Regional Load Despatch Centre may give such directions and exercise such supervision and cont ensuring integrated grid

operations and for achieving the maximum economy and efficiency in the operation of the power system in the region under its control.

(4) Subject to the provisions of sub-section (3), the State Load Despatch Centre in a State may give such directions and exercise such supervision and control as may be required for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of the power system in that State.

(5) Every licensee, transmission licensee, Board, Generating Company, generating stations, sub-stations and any other person connected with the operation of the power system shall comply with the directions issued by the Load Despatch Centres under sub-sections (3) and (4).

(6) All directions issued by the Regional Load Despatch Centres to any transmission licensee of State transmission lines or any other licensee of the State or Generating Company (other than those connected to inter-State transmission system) or sub-station in the State shall be issued through the State Load Despatch Centre and the State load Despatch Centre shall ensure that such directions are duly complied by the transmission licensee or licensee or generating company or sub-station.

(7) Subject to the above provisions of this section, the Regional Electricity Board in the region from time to time may mutually agree on matters concerning the smooth operation of the integrated grid and economy and efficiency in the operation of the power system in that region and every licensee, transmission licensee and others involved in the operation of the power system shall comply with the decision of the Regional Electricity Board.

(8) The Regional Load Despatch Centre or the State Load Despatch Centre, as the case may be, shall enforce the decision of the Regional Electricity Boards.

(9) Subject to regulations made under The Electricity Regulatory Commissions Act, 1998 (14 of 1998) by the Central Commission, in the case of Regional Load Despatch Centres or the State Commission in the case of State Load Despatch Centres, any dispute with reference to the operation of the power system including grid operation and as to whether any directions issued under sub-section (3) or sub-section (4) is reasonable or not, shall be referred to the Authority for decision:

Provided that pending the decision of the Authority, the directions of the Regional Load Despatch Centres or the State Load Despatch Centres, as the case may be, shall be complied with.

(10) Until the Central Commission is established, the Central Government and thereafter the Central Commission in the case of Regional Load Despatch Centre and until the State Commission is established, the State Government and thereafter the State Commission in the case of the State Load Despatch Centre of that State, may, by notification, specify the fees and charges to be paid to the Regional Load Despatch Centres and the State Load Despatch Centres, as the case may be, for undertaking the load despatch functions entrusted by the Central Government or by the State Government, as the case may be.

(11) The provisions of sub-section (3) of Sec. 4-B shall apply in relation to any notification issued by the Central Government or the Central Commission as the case may be under sub-section (10), as they apply in relation to the rules made by that Government under Chapter 11.]

**1. 1.Subs. by Act No. 22 of 1998, Sec.11, dated 10th August 1998.**

**56. LEASES OF GENERATING STATIONS.** -No licensee shall except with the previous approval in writing of the Board subject to any conditions which the Board may think fit to impose, enter into any arrangement whereby any generating station is to be let or held on lease by him, and any such arrangement entered into in contravention of this sub-section shall be void and of no effect.

[1][**57. LICENSEE'S CHARGES TO CONSUMERS. -**The provisions of the Sixth Schedule [2][* * *] shall be deemed to be incorporated in the licence of every licensee, not being a local authority-

(a) In the case of a licence granted before the commencement of this Act, from the date of the commencement of the licensee's next succeeding year of account; and

(b) In the case of a licence granted after the commencement of this Act, from the date of the commencement of supply, and as from the said date, the licensee shall comply with the provisions of 31th said Schedule) accordingly, and any provisions of The Indian Electricity Act, 1910 (9 of 1910), and the licence granted to him there under and of any other law, agreement or instrument applicable to the licensee shall, in relation to the licensee be void and of no effect in so far as they are inconsistent with the provisions of Sec. 57-A and [3][the said Schedule].

**1. Subs. by Act 10I of 1956, Sec. 14, for Sec. 57 (w.e.f. 30th December, 1956).**

**2. The words "and the Seventh Schedule" omitted by the Act 23 of 1978, Sec. 6 (w.e.f. 3rd June, 1978).**

**3. Subs. by ibid. Sec. 6, for the words "the said Schedules" (w.e.f. 3rd June, 1978).**

**57-A. RATING COMMITTEES. –**

(1) Where the provisions of the Sixth Schedule [1][* * *] are under Sec. 57 deemed to be incorporated in the licence of any licensee, the following provisions shall have effect in relation to the licensee, namely:

(a) The Board or where no Board is constituted under this Act, the State Government-

(i) May, if satisfied, that the licensee has failed to comply with any of the provisions of the Sixth Schedule; and

(ii) Shall, when so requested by the licensee In writing, constitute a rating committee to examine the licensee's charges for the supply of electricity and to make

recommendations in that behalf 'Lo the State Government:

Provided that where it is proposed to constitute a rating committee under this section on account of the failure of the licensee to comply with any provisions of the Sixth Schedule, such committee shall not be constituted unless the licensee has been given a notice in writing of thirty clear days (which period, if the circumstances so warrant may be extended from time to time) to show cause against the action proposed to be taken:

Provided further that no such rating committee shall be constituted if the alleged failure of the licensee to comply with any provisions of the Sixth Schedule raises any dispute or difference as to the interpretation of the said provisions or any matter arising there from and such difference or dispute has been referred by the licensee to the arbitration of the Authority under Para. XVI of that Schedule before the notice referred to in the preceding proviso was given or is so referred within the period of the said notice:

Provided further that no rating committee shall be constituted in respect of a licensee within three years from the date on which such a committee has reported in respect of that licensee, unless the State Government declares that in its opinion circumstances have arisen rendering the orders passed on the recommendations of the previous rating committee unfair to the licensee or any of his consumers,-

(b) A rating committee under Cl. (a) shall, -

(i) Where such committee is to be constituted under sub clause (i) of that clause, be constituted not later than three months after the expiry of the notice referred to in the first proviso to that clause;

(ii) Where such committee is to be constituted at the request of the licensee be constituted within three months of the date of such request;

(c) A rating committee shall, after giving the licensee a reasonable opportunity of being heard and after taking into consideration the efficiency of operation and management and the potentialities of his undertaking report to the State Government within three months from the date Of its constitution, making recommendations with reasons may therefore, regarding the charges for electricity which the license make to any class or classes of consumers so,

however, that the recommendations are not likely to prevent the licensee from earning clear profit sufficient when taken with the sums available in the Tariffs and Dividends Control Reserve to afford him a reasonable return as defined in the Sixth Schedule during his next succeeding three years of account:

Provided that the State Government may, if it so deems necessary, extend the said period of three months by a further period not exceeding

three months within which the report of the rating committee may be submitted to it;

(d) Within one month after the receipt of the report under Cl. (c), the State Government shall cause the report to be published in the Official Gazette, and may at the same time make an order in accordance therewith fixing the licensee's charges for the supply of electricity with effect from such date, not earlier than two months or later than three months, after the date of publication of the report as may be specified in the order and the licensee shall forthwith give effect to such order;

(e) The charges for the supply of electricity fixed under Cl. (d) shall be in operation for such period not exceeding three years as the State Government may specify in the order:

Provided that nothing in this clause shall be deemed to prevent a licensee from reducing at any time any charges so fixed.

(2) Where a Board is constituted under this Act, the rating committee shall consist of three members as follows:

(i) One member shall be nominated by the State Government who Shall all be a person who is or has been judicial officer not below the rank of a District Judge;

(ii) One member shall be a member of the Board having experience of accounting and financial matters; and

(iii) One member shall be a representative co-opted jointly by the two members referred to in Cls. (i) and (ii) from an association of licensees of which the licensee concerned is or is eligible to be a member and if there is no such association, from such Chamber of Commerce or similar body as the State Government may direct.

(3) Where no Board is constituted under this Act the rating committee shall consist of five members of whom three members shall be nominated by the State Government, one member shall be nominated by the licensee and one member shall be nominated by the association referred to in sub-section (2) or if there is no such association, by such Chamber of Commerce or similar body as the State Government may direct.

(4) Of the three members to be nominated by the State Government under subsection (3), one shall be a person who is or has been a judicial officer not below the rank of District Judge, one shall be a registered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949), having -it least ten years' experience and one shall be a person with administrative experience.

(5) The judicial member of a rating committee shall be its Chairman.

(6) A rating committee may act notwithstanding that one of its member is absent.

(7) The expenditure incurred in connection with a rating committee as certified by it shall be payable, -

(a) Where the rating committee was constituted at the request of a licensee, or where the rating committee has held that the licensee has failed to comply with any of the provisions of the Sixth Schedule, by the licensee from that part of the clear profit to which the licensee is entitled under that Schedule;

(b) In any other case, by the Board or the State Government as the case may be.

(8) Where a licensee makes default in paying any amount which he is liable to pay under sub-section (7), such amount may, on application to a Civil Court having jurisdiction, be recovered from the licensee by the distress and sale of any moveable property of the licensee.

**1. The words "and the Seventh Schedule" omitted by Act 23 of 1978 Sec. 7 (w.e.f. 3rd June, 1978).**

**57 B. POWER OF RATING COMMITTEE TO CALL FOR INFORMATION, ETC. -**A rating committee constituted under Sec. 57-A may, for the purpose of discharging its functions, by notice in writing, require the licensee to give such information, or to furnish such accounts and other documents in his possession or power, as may be specified in the notice.]

**58. POWER TO DIRECT AMORTISATION AND TARIFFS POLICIES OF LICENSEES BEING LOCAL AUTHORITIES. -**The Board or where no Board is constituted under this Act, the State Government shall have power to direct the amortization and tariffs policies of any licensee, being a local authority, with respect to his licensed undertaking in such manner as the Board or the State Government, as the case may be, after giving the local authority a reasonable opportunity of being heard, considers expedient for the purposes of the Act; and the licensee, being a local authority, the provisions of any other law or of any rules made or directions given there under notwithstanding, shall give effect to any such directions of the Board or the State Government, as the case may be:

1[Provided that the Board shall not issue any directions under this section except after obtaining prior approval of the State Government.]

**1. Ins. by Art 101 of 1956, Sec. 15 (w.e.f. 30th December, 1956).**

## CHAPTER VI
## THE BOARD'S FINANCE, ACCOUNTS AND AUDIT

**1[59. GENERAL PRINCIPLES FOR BOARD'S FINANCE. –**

(1) The Board shall, after taking credit for any subvention from the State Government under Sec. 63, carry on its operations under this Act and adjust its tariffs so as to ensure that the total revenues in any year of account shall, after meeting all expenses properly chargeable to revenues, including operating, maintenance and management expenses, taxes (if any) on income and profits, depreciation and interest payable on all debentures, bonds and loans, 2[leave such surplus as is not less than three per cent., or such higher percentage, as the State Government may, by notification in the Official Gazette, specify in this

behalf, of the value of the fixed assets of the Board in service at the beginning of such year.

**EXPLANATION. -**For the purposes of this sub-section, value of the fixed assets of the Board in service at the beginning of the year means the original cost of such fixed assets as reduced by the aggregate of the cumulative depreciation in respect of such assets

calculated in accordance with the provisions of this Act and consumers contributions for service lines.]

(2) In specifying [3][any higher percentage] under sub-section (1), the State Government shall have due regard to the availability of amounts accrued by way of depreciation and the liability for loan amortization and leave-

(a) A reasonable sum to contribute towards the cost of capital works; and

(b) Where in respect of the Board, a notification has been issued under sub-section (1) of Sec. 12-A, a reasonable sum by way of return on the capital provided by the State Government under sub-section (3) of that section and the amount of the loans (if any) converted by the State Government into capital under sub-section (1) of Sec. 66-A.]

**1. Subs. by Act, 23 of 19'78, Sec. 8, for Sec. 59 (w.e.f. 3rd June, 1978).**

**2. Subs. by Act 16 a!' 1983, for the words "leave such surplus, as the State Government may, from time to time, specify" (w.e.f. 1st April, 1985).**

**3. Subs. by ibid., for the words "the surplus".**

**60. BOARD TO ASSUME OBLIGATIONS OF STATE GOVERNMENT IN RESPECT OP MATTERS TO WHICH THIS ACT APPLIES. -**

(1) All debts and obligations incurred, all contracts entered into and all matters and things engaged to be done by, with or for the State Government for any of the purposes of this Act before the first constitution of the Board shall be deemed to have been incurred, entered into or engaged to be done by, With or for the Board; and all suits or other legal proceedings instituted or which might but for the issue of the notification under sub-section (4) of Sec. I have been instituted by or against the State Government may be continued or instituted by or against the Board.

[1][(1-A) All schemes sanctioned by the State Government and transferred to the Board shall, for the purposes of this Act, be deemed to have been sanctioned by the Board.]

(2) (2)All expenditure which the State Government may, not later than [2][one year] after the first constitution of the Board, declare to have been incurred [3][* * *] on capital account in connection with the purposes of this Act shall be deemed to be a loan advanced to the

Board under Sec. 64 on the date of the said declaration, and all the assets acquired by such expenditure shall thereupon vest in the Board.

**1. Ins. by Act 101 of 1956, Sec. 16 (w.e.f. 30th December, 1956). 2. Subs. by Act 23 of 1978, Sec. 9 for the words "two months" (w.e.f. 3rd June, 1978).**

**3. Certain words omitted by Act 23 of 1978, Sec. 9.**

## STATE AMENDMENTS

**PUNJAB, HARYANA: CHANDIGARH.** -After sub-section (2) of Sec. 60, add the Following:

" (2-A) Notwithstanding anything contained in this Act, the State Government may, in declaring expenditure on capital account under sub-section (2), include therein all expenditure incurred by it on capital account in connection with the purposes of this Act on the electrical portion, of the Bhakra-Nangal Project, and on such inclusion, such expenditure shall be deemed to be a loan advanced to the Board under Sec. 64 on the date of the said declaration, and all the assets acquired by such expenditure shall thereupon vest in the Board subject to the provisions of any agreement as may have been or may be executed in that behalf by the State Government with the Government of rajasthan".[1]

**1. Punjab Act 9 of 1959 (16th April, 1959), vide Central Act 31 of 1966, Sec. 88 (1st November, 1966).**

**UTTAR PRADESH.-** In Sec. 60 of the Principal Act, after sub-section (2), the following sub-sections shall be inserted, and be deemed to have been inserted on I st April 1965, namely: -

"(3) All expenditure, which the State Government may, not later than two months from the commencement of the Electricity Laws (Uttar Pradesh Amendment) Act, 1983, declare to have been incurred by it on capital account in connection with the purposes of this Act in respect of the Rihand Hydro Power System shall also be deemed to be a loan advanced to the Board under Sec. 64 on the date of commencement of this sub-section and all the assets acquired by such expenditure shall vest in the Board with effect from such commencement.

(4) The provisions of sub-sections (1) and (I-A) shall, subject to the provisions of sub-section (5) apply in relation to the debts and obligations incurred, contracts entered into and matters and things engaged to be done by, with or for the State Government in respect of the Rihand Hydro Power System after the first constitution of the Board and before the commencement of this sub-section as they apply in relation to debts and obligations incurred, contracts entered into, matters and things engaged to be done by, with or for the State Government for any of the purposes of this Act before the first constitution of the Board.

(5) All such contracts entered into by the State Government for supply of electrical energy based on or connected with the generation of electricity from the Rihand Hydro Electric Generating Station to any consumer and any contract entered into by the Board on or after 1st April, 1965 for the supply of electrical energy to such consumer shall operate subject to the modifications specified in the following clauses, which shall take effect from the date of the commencement of The Electricity Laws (Uttar Pradesh Amendment) Act, 1983 (hereinafter referred to as the said date): -

(a) The rates to be charged by the Board for the energy supplied by it to any consumer under any contract for which the payment will be due for the first time on or after the said date shall be such as may with the previous approval of state Government be fixed by the Board, having due regard to the geographical position of the area of supply, the nature of the supply and purpose for which supply is required and any other relevant factor;

(b) If the State Government directs the Board under Sec. 22-B of The Indian Electricity Act, 1910 or under any other law for the time being in force to reduce the supply of energy to a consumer and thereupon the Board reduces the supply of energy to a consumer accordingly, the consumer concerned shall not be entitled to any compensation for such reduction, and if the consumer consumes energy in excess of the reduced limit fixed under the said Sec. 22-B or any other law for the time being in force, as the case may be, then the Board shall have the right to discontinue the supply to the consumer without notice, and without prejudice to the said right of the Board, the consumer shall be liable to pay such excess consumption at double the normal rate fixed under Cl. (a):

(c) Any arbitration agreement contained in such contract shall be subject to the provisions of this sub-section." [1]

**1. Vide U.P. Act No 12 of 1983, Sec. 7.**

[1][**60-A. PERIOD OF LIMITATION EXTENDED IN CERTAIN CASES.** -Where the right to recover any amount due to the State Government for or in connection with the consumption of electricity is vested in the Board and the period of limitation to enforce such right has expired before the constitution of the Board, or within three years of its constitution, then, notwithstanding anything contained in The Indian Limitation Act, 1908 (9 of 1908)[2] or any other law for the time being in force relating to limitation of action, the Board may institute a suit for the recovery of such amount,-

(i) Where it has been constituted before the commencement of The Electricity (Supply) Amendment Act, 1966 (30 of 1966), within three years of such commencement; and

(ii) Where it has been constituted after such commencement, within three years of its constitution.]

**1. Ins. by Act 30 of 1966, Sec. 12 (w.e.f. 16th September, 1966). 2. See now the Limitation Act, 1963 (36 of 1963).**

**61. 61. ANNUAL FINANCIAL STATEMENT. -**

(1) In February of each year the Board shall submit to the State Government a statement in the prescribed form of the estimated capital and revenue receipts and expenditure for the ensuing year.

(2) The said statement shall include a statement of the salaries of, [1][members and officers and other employees] of the Board and of such other particulars as may be prescribed.

(3) The State Government shall as soon as may be after the receipt of the said statement cause it to be laid on the table of the [2][House], or as the case may be, [3][Houses] of the State Legislature; and the said statement shall be open to discussion therein, but shall not be subject to vote.

(4) The Board shall take into consideration any comments made on the said statement in the State Legislature.

(5) The Board may, at any time during the year in respect of which a statement under sub-section (1) has been submitted, submit to the State Government a supplementary statement, and all the provisions of the section shall apply to such statement as they apply to the statement under the said sub-section.

**1. Subs. by Act 23 of 1978, Sec. 10, for the words "members, officers and servants" (w.e.f 3rd June, 1978).**

**2. Subs. by the A.0. 1950 for the word "Chamber".**

**3. Subs. by ibid, for the words "Chambers" .**

**62. RESTRICTION ON UNBUDGETED EXPENDITURE. -**

(l) Save where in the opinion of the Board circumstances of extreme urgency have arisen, no sum exceeding [1][seventy-five thousand] rupees on account of recurring expenditure or exceeding [2][three lakhs] of rupees on account of non-recurring expenditure shall be expended by the Board in any year of account unless such sum has been included in a statement submitted under sub-section (1) or sub-section (5) of Sec. 61.

(2) Where any such sum is expended under circumstances of extreme urgency, [3][it shall be expended in accordance with the regulations made by the Board with the previous approval of the State Government and] a report thereon indicating the source from which it is proposed to meet the expenditure shall be made as soon as practicable to the State Government.

**1. Subs. by act 30 of 1966. Sec. 13, for "twenty-five thousand" (w.e.f. 16th September, 1966).**

**2. Subs. by Sec. 13, ibid, for the words "one lakh". 3. Ins. by Act 23 of 1978, Sec. 11 (w.e.f. 3rd June, 1978).**

**63. SUBVENTIONS TO THE BOARD. -**The State Government may, with the approval of the State Legislature from time to time make subventions to the Board for the purposes of this Act on such terms and conditions as the State Government may determine.

**64. LOANS TO THE BOARD.** -The State Government may, from time to time, advance loans to the Board on such terms and conditions, not, inconsistent with the provisions of this Act, as the State Government may determine.

**65. POWER OF BOARD TO BORROW. -**

(1) The Board may, from time to time, with the previous sanction of the State Government and subject to the provisions of this Act and to such conditions as may be prescribed in this behalf, borrow any sum required for the purposes of this Act.

(2) Rules made by the State Government for the purposes of the section may empower the Board to borrow by the [1][issue of debentures or bonds] or otherwise and to make arrangements with bankers, and may apply to the Board with such modifications as may be necessary to be consistent with this Act the provisions of The Local Authorities Loans Act, 1914 (9 of 1914) and the rules made there under as if the Board were a local authority.

(3) The maximum amount which lure Board may at any time have on loan under sub-section (1) shall be ten crores of rupees, unless the State Government, with the approval of the State Legislative Assembly, fixes a higher maximum amount.

(3) (3)[2][Debentures or bonds issued] by the Board under this section shall be issued, transferred, dealt with and redeemed in such manner as may be prescribed.

**1. Subs. by Act 23 of 1978, Sec. 12, for the words "issue of bonds or stock" (w.e.f. 3rd June, 1978).**

**2. Subs. by Act 23 of 1978, Sec. 13, for the words "stock issued" (w.e.f. 3rd June, 1978).**

**66. GUARANTEE OF LOANS.** -The State Government may guarantee in such manner as it thinks fit the payment of the principal and interest of any loan proposed to be raised by the Board or of either the principal or the interest:

Provided that the State Government shall, so long as any such guarantees are in force lay before the [1][House] or, as the case may be, [2][Houses] of the State Legislature in every year during the budget session a statement of the guarantees, if any, given during the current financial year of the State and an up-to-date account of the total sums, if any, which have been paid out of State revenue by reason of any such guarantees or paid into State revenues towards repayment of any money so paid out.

**1. Subs. by the A.0. 1950, for the word "Chamber". 2. Subs. by ibid, for "Chambers".**

**[1][66-A. CONVERSION OF AMOUNT OF LOANS INTO CAPITAL. –**

(1) Notwithstanding anything contained in Sec. 12-A, where any loan has been obtained from the State Government by a Board, in respect of which Board a notification has been made under sub- section (1) of that section, or any loan is deemed to be advanced to such Board by the State Government under sub-section (2) of Sec.

60, the State Government may, if in its opinion it is necessary in the public interest so to do, by order, direct that the amount of such loan or any part thereof shall be converted into capital provided to the Board on such terms and conditions as appear to that Government to be reasonable in the circumstances of the case, even if the terms of such loan do not include a term providing for an option for such

(2) In determining the terms and conditions, of such conversion, the State Government shall have due regard to the following circumstances, that is to say, the financial position of the Board, the terms of the loan, the rate of interest payable on the loan, the capital of the Board, its loan liabilities and its reserves.

(3) Notwithstanding anything contained in this Act, where the State Government has, by an order made under sub-section (1), directed that any loan or any part thereof shall be converted into capital, and such order has the effect of increasing the capital of the Board, the capital of the Board shall stand increased by the amount by which the conversion increases the capital of the Board in excess of the capital specified under sub-section (1) of Sec. 12-A:

Provided that the amount of the loan so converted together with the capital provided under sub-section (3) of Sec. 12-A shall, not exceed the amount represent if the aggregate of the outstanding loans of the Board after such conversion].

1. Ins. by Act 23 of 1978, Sec. 13 (w.e.f. 3rd June, 1978).

[1][67. **PRIORITY OF LIABILITY OF THE BOARD.** -The Board shall distribute the surplus referred to in sub-section (1) of Sec. 59 to the extent available in a particular year in the following order, namely:

(i) Repayment of principal of any loan raised, including redemption of debentures or bonds issued under Sec. 65 which becomes due for payment in the year or which became due for payment in any previous year and has remained unpaid;

(ii) Repayment of principal of any loan advanced to the Board by the State Government under Sec. 64 which becomes due for payment in the year or which became due for payment in any previous year and has remained unpaid;

(iii) (iii)Payment for purposes specified in sub-section (2) of Sec. 69 in such manner as the Board may decide.]

1. Subs. by Act 16 of 1983, Sec. 3 (w.e.f. 1st April, 1985).

[1][67-A. **INTEREST ON LOANS ADVANCED BY STATE GOVERNMENT TO BE PAID ONLY AFTER OTHER EXPENSES.** -Any interest which is payable on loans advanced under Sec. 64 or deemed to have been advanced under Sec. 60 to the Board by the State Government and which is charged to revenues in any year may be paid only out of the balance of the revenues, if any, of that year which is left after meeting all the other expenses referred to in sub-section (1) of Sec. 59 and so much of interest as is not paid in any year by reason of the provisions of this section shall be deemed to be deferred liability and shall be discharged in accordance with the provisions of this section in the subsequent year or years, as the case may be.]

1. 1.Ins. by Act 16 of 1983, Sec. 4.

[1][68. **CHARGING OF DEPRECIATION BY BOARD. –**

(1) [2][* * *] The Board shall Provided each year for depreciation such sum calculated in accordance with such principles as the Central Government may, after consultation with the Authority by notification in the Official Gazette, lay down from time to time.

[3][(2) * * * * *]

(3) The provisions of this section shall apply to the charging or depreciation for the year in which the Electricity (Supply) Amendment Act, 1978 (23 of 1978), comes into force.]

**1. Subs. by Act 23 of 1978, Sec. 15 (w.e.f. 3rd June 1978).**

**2. The words "Subject to the provisions of Sec. 67" emitted by Act 16 of 1983, Sec. 5 (w.e.f. 1st April 1985).**

**3. Sub-section (2) omitted by Act 16 of 1983, Sec. 5 (w.e.f. 1st April, 1985).**

**[1][69. ACCOUNTS AND AUDIT. –**

(1) The Board shall cause proper accounts and other records in relation there to be kept, including a proper system of internal check and prepare an annual statement of accounts, including the profit and loss account and the balance-sheets in such

form [2][as the Central Government may, by notification in the Official Gazette, prescribe by rules made in this behalf in consultation with the Comptroller and Auditor-General of India and the State Governments].

(2) The accounts of the Board shall be audited by the Comptroller and Auditor-General of India or by such person as he may authorize in this behalf and any expenditure incurred by him in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person authorized by him in connection with the audit of the accounts of the Board shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General of India has in connection with the audit of Government accounts and in particular shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers, and to inspect any of the offices of the Board.

(4) The accounts of the Board by certified as the Comptroller and Auditor-General of India or any other person authorized by him in this behalf together with the audit report thereon shall be [3][forwarded to the Authority arid to the State Government within six months of the close of the year to which the accounts and audit report relate] and that Government may issue such instructions to the Board in respect thereof as it deems fit and the Board shall comply with such instructions.

(5) The State Government shall-

(a) Cause the accounts of the Board together with the audit report thereon forwarded to it under sub- section (4) to be laid annually before the State Legislature; and

(b) Cause the accounts of the Board to be published in the prescribed manner and make available copies thereof on sale at a reasonable price.]

[4][(6) The provisions of sub-section (3) of Sec. 4-B shall apply in relation to any rules made by the Central Government under sub-section (1) as they apply in relation to rules made by that Government under Chapter II.]

1. **Subs. by Act 101 of 1956, Sec. 18, for original Sec. 69 (w.e.f. 30th**
2. **December, 1956).**
   **Subs. by Act 16 of 1983, Sec. 6, for the certain words (w.e.f. 1st April, 1985).**
3. **Subs. by Act 23 of 1978, Sec. 16, (w.e.f. 3rd June, 1978).**
4. **Ins. by Act 16 of 1983, Sec. 6 (w.e.f. 1st April 1985).**

## CHAPTER VII
## MISCELLANEOUS

**70. EFFECT OF OTHER LAWS. –**

(l) No provision of The Indian Electricity Act, 1910 (9 of 19 1 0),

or of any rules made there under or of any instrument having effect by virtue of such law or rule Shall, so far as it is inconsistent with any of the provisions of this Act, have any effect:

Provided that nothing in this Act shall be deemed to prevent the State Government from granting, after consultation with the Board, a licence not inconsistent with the provisions of The Indian Electricity Act, 1910 (9 of 1910) to any person in respect of such area and on such terms and conditions as the State Government may think fit.

(2) Save as otherwise provided in this Act, the provisions of this Act shall be in addition to, and not in derogation of, The Indian Electricity Act, 1910 (9 of 1910),

**71. RIGHTS AND OPTIONS TO PURCHASE UNDER ACT 9 OF 1910 TO VEST IN BOARD.** -[Rep. by The Indian Electricity (Amendment) Act, 1959 (32 of 1959), Sec. 41 (w.e.f. 5th September, 1959).]

**72. WATER-POWER CONCESSIONS TO BE GRANTED ONLY TO [1][THE BOARD OR A GENERATING COMPANY.** -The State Government shall not grant any concession for the, development or use of water-power for any electrical purpose to any person other than [1][the Board or a Generating Company], unless the State Government is of opinion that it is riot expedient for the Board [2][for the Generating Company so to develop] or use the water-power concerned.

1. **Subs by Act 115 of 1976, Sec. 27, for the words "the board" (w.e.f. 8th October 1976).**
2. **Subs by sec. 27, ibid, for the words "or that the Board is unable so to develop" (w.e.f. 8th October 1976).**

**73. CO-ORDINATION BETWEEN THE BOARD'S SCHEMES AND MULTI PURPOSE SCHEMES.** -Where a multipurpose scheme for the development of any river in any region is in operation, [1][the Board and the Generating Company shall co-ordinate their activities with the activities of the persons responsible for such scheme in so far as they are inter-related.

1. **Subs. by ibid, Sec. 28, for the words "the Board shall co- ordinate its activities" (w.e.f. 8th October, 1976)**

**74. POWERS OF ENTRY.** – Any [1][Officer or other employee] [2][of the Board or of a generating company] generally or specially [3][authorised by the Board or by the Generating Company, as the case may be,] in this behalf may at any reasonable time after giving the owner or occupier reasonable notice enter upon any land or premises and there do such things as may be reasonably necessary for the purposes of lawfully using any transmission lines or main transmission lines or of making any survey, examination or investigation, preliminary or incidental to the exercise of powers or the performance of [4][duties by the Board or by the Generating Company, as the case may be,] under this Act.

1. **Subs. by Act 23 of 1978, Sec. 17, for the words "officer or servant" (w.e.f. 3rd June. 1978).**
2. **Subs. by Act 115 of 1976, Sec. 29, for the words "servant of the Board" (w.e.f. 8th October, 1976**

**3. Subs. by ibid, Sec 29, for the words "authorised by the Board" (w.e.f. 8th October, 1976),**

**4. 4. Subs. by Sec. 29, ibid., for the words "duties by the Board" (w.e.f. 8th October. 1976).**

**75. ANNUAL REPORTS, STATISTICS AND RETURNS. –**

[1][* * * * *][2][(1)] [3][* * *] The Board shall, as soon as may be after the end of each financial year, prepare and submit to the State Government [4][before such date and] in such form as may be prescribed, a report giving an account of its activities during the previous financial year and the report shall also give an account of the activities, if any, which are likely to be undertaken by the Board in the next financial year; and the State Government shall cause every such report to be laid before the State Legislature as soon as may be after it is received by the State Government.]

(2) The Board shall furnish to the State Government at such times and in such form and manner as may be prescribed or as the State Government may direct, such statistics and returns and such particulars in regard to any proposed or existing scheme as the State Government may from time to time require.

(3) The Board may at any time by notice in writing require any licensee [5][or person or agency] supplying electricity for public or private purposes or generating electricity for his use to furnish it with such information and accounts relating to such supply or generation and in such form and manner as the notice may specify:

[6][Provided that nothing in this sub-section shall be deemed to empower the Board to require a Generating Company to furnish it with any information or accounts.]

**1. Subs-section (1) omitted by the Act 30 of 1966, Sec. 16 (w.e.f. 16th September, 1966).**

**2. Sub-section (1-A) re-numbered as sub-section (1) by Act 30 of 1966, Sec. 16 (w.e.f. 16th September, 1966).**

**3. Certain words, brackets and figure omitted by Sec. 16, ibid. 4. Ins. by Sec. 16, ibid.**

**5. Subs. by Act I15 of 1976, Sec. 30, for the words "or person" (w.e.f. 8th October, 1976).**

**6. Ins. by Sec. 30. ibid. (w.e.f. 8th October 1976).**

**[1][75-A. ANNUAL REPORTS AND ACCOUNTS OF GENERATING COMPANY. –**

(l) [2][* * *]

(2) A Generating company shall, as soon as may be after the end of each year, prepare a report giving an account of its activities during the previous year and shall, within six months from the date of closure of the year, forward to the [3][competent] Government, or where there are more than one [4][competent] Government, to all such [3][competent] Governments, the report together with a statement of accounts, in such form and containing such particulars as may be specified by the [3][competent] Government or the [3][competent] Governments, as the case may be, a copy of the balancesheet and profit and loss account and the auditor's report, in relat year aforesaid.

5[(3) For the purpose of preparing the statement of accounts referred to in sub-section (2), the depreciation to be provided every year shall be calculated at such rate as may be specified by the Central Government, by notification in the Official Gazette, in accordance with the provisions of Sec. 43-A.]

6[(3-A) * * * * * *]

(4) The provisions of 7[sub-section] (2) shall be in addition to and not in derogation of the provisions contained in the Companies Act, 1956 (1 of 1956), in relation to reports, statement of accounts and other documents required to be prepared or kept or submitted by a company within the meaning of Sec. 3 of that Act.]

**1. Ins. by Sec. 31, ibid. (w.e.f. 8th October 1976).**

**2. Omitted by Act 50 of 1991, Sec. 13 (w.e.f. 15th October, 1991). 3. Ins. by Sec. 16, ibid.**

**4. Subs. by ibid., Sec. 13, for the word "promoting" (w.e.f. 15th October, 1991).**

**5. Subs. by ibid., for sub-section (3).**

**6. Ins by Act 23 of 1978, Sec. 18 (w.e.f. 3rd June. 1978) and omitted by Act 50 of 1991, Sec. 13 (w.e.f. 15th October, 199 1).**

**7. Subs. by Act 50 of 199 1, Sec. 13 (w.e.f. 15th October, 199 1).**

**76. ARBITRATION. –**

1[ * * * * ]

(2) Where any question or matter is, by this Act, required to be referred, to arbitration, it shall be so referred-

(a) In cases where the Act so provides, to the Authority and on such reference the Authority shall be deemed to have been duly appointed as Arbitrators, and the award of the Authority shall be final and conclusive: or

(b) In other cases, to two Arbitrators, one to be appointed by each party to the dispute.

(3) Subject to the provisions of this section, the provisions of the 2[Arbitration and Conciliation Act, 1996 (26 of 1996)] shall apply to arbitrations under this Act.

3[(3-A) Where any question or matter is referred to the Authority for arbitration under this section, the Authority may, having regard to the circumstances of each case, charge such arbitration fee as it may deem reasonable.]

(3-B) All fees and charges due to the Authority in respect of any arbitration and award and all costs and charges for filing the award incurred by the Authority may, if they are not paid by the person from whom they are due within a period of one month from the date of a notice given to him by the Authority in this behalf, be recovered from him in the same manner as an arrear of land revenue.]

(4) The Arbitrators shall in making their award have regard to the provisions of this Act and any rules and regulations made there under relevant to the reference.

(5) The Arbitrators may, if they think it expedient so to do, call in the aid of one or more qualified assessors and hear the reference wholly or partially with the aid of such assessors.

(6) The provisions of sub-sections (4) and (5) shall apply to the umpire, if he enters on the reference, as they apply to Arbitrators.

1. **Sub-section (1) omitted by Act 30 of 1966, Sec. 17 (w.e.f. 16th**
2. **September, 1966).**
**Subs by The Act no. 22 of 1998, Sec. 12, dated 10th August, 1998, For the words and figures "ARBITRATION ACT, 1940 (10 of 1940)".**
3. **Subs. by Sec. 12, IBID., dated 10th August, 1998, for Sub-Section (3-A).**

1[**77. PENALTIES.-**If any licensee or other person, not being the Board, fails without reasonable excuse to comply with, or give effect to, any direction, order or requirement made under any of the following provisions, namely:

(a) Sec. 4; or

(b) Sec. 55; or

(c) Cl. (d) of sub-section (1) or Sec. 57-A; or

(d) Sec. 57-B; or

(e) Sec. 58; or

(f) Sub-section (3) of Sec. 75;

He shall be punishable with fine, which may extend to five hundred rupees, and in the case of a continuing offence with a further fine which may extend to fifty rupees for each day after the first during which the offence continues.

1. **Subs. by Act IO 1 of 1956, Sec. 2 1, for Sec. 77 (w.e.f. 30th December, 1956).**

**77-A. SOURCE FROM WHICH FINES MAY BE PAID.** -All fines payable by a licensee under this Act or under any other law for the time being in force in respect of any offence committed by the licensee, shall be payable by him

from that part of the clear profit to which he is entitled under the Sixth Schedule.

**77-B. OFFENCES BY COMPANIES. -**

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

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

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

**EXPLANATION.** -For the purpose of this section,-

(a) "Company" means any body corporate and includes a firm or other association of individuals; or

(b) "Director" in relation to a firm means a partner in the firm.

**77-C. COGNIZANCE OF OFFENCES.** -No Court shall take cognizance of an offence under Sec. 77, except on the complaint of,--

(a) In the case of an offence relating to Sec. 4, by an officer of the Authority authorised in that behalf by the Authority;

(b) In the case of any other offence,-

(i) Where a Board is constituted by an officer of the Board authorized by the Board in that behalf-,

(ii) Where no Board is constituted by an officer of the State Government authorized by the State Government in that behalf.

**78. POWER TO MAKE RULES. -**

(1) The State Government may, after previous publication, by notification in the Official Gazette, make rules to give effect to the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for,-

[1][(a) [2][The powers of the Chairman and the term of the office] of the Chairman and other members of the Board, the conditions under which they shall be eligible for re- appointment and their remuneration, allowances and other conditions of service;]

(b) The terms and conditions of appointment of members of [3][State Electricity Consultative Councils] and Local Advisory Committees, the convening of meetings of such Councils and Committees, and the conduct of business thereat;

(c) The form in which the annual financial statement and supplementary statements under Sec. 61 shall be prepared by the Board, and the particulars to be included therein;

(d) The conditions subject to which the Board may borrow under Sec. 65;

(e) The manner in which stock issued by the Board shall be issued, transferred, dealt with and redeemed;

(f) The manner in which the accounts of the Board shall be published under Sec. 69;

(g) The form in which and the date by which the annual report of the Board shall be submitted under Sec. 75, and the form and manner of furnishing statistics and returns by the Board under that section;

(h) The business of the Board upon which the local Advisory Committees concerned shall be consulted.

**1. Subs. by Act 57 of 1949, Sec. 6, for the original Cl. (a).**

**2. Subs. by Act 101 of 1956, Sec. 22, for the words "the term of office" (w.e.f. 30th December, 1956).**

**3. Subs. by ibid., for "State Electricity Councils".**

## STATE AMENDMENT

**KARNATAKA.-**In Sec. 78 of the principal Act, in sub-section (2), for Cl. (a) the following clause shall be substituted, namely, --

"(a) The term of Office of Chairman and other members of the Board and the conditions under which they shall be eligible for reappointments."[1]

**1. Vide Knt. Act No. 46 of 1986, Sec. 3.**

**[1][78-A. DIRECTIONS BY THE STATE GOVERNMENT. -**

(1) In the discharge of its functions, the Board shall be guided by such directions on questions of policy as may be given to it by the State Government.

(2) If any dispute arises between the Board and the State Government as to whether a question is or is not a question of policy, it shall be referred to the Authority whose decision thereon shall be final.]

**1. Ins by Act 101 of' 1 956, Sec. 23.**

**79. POWER TO MAKE REGULATIONS.-**[1][The Board may, by notification in the Official Gazette, make regulations] not inconsistent with this Act and the rules made there under to provide for all or any of the following matters, namely:

(a) The administration of the funds and other property of the Board and the maintenance of its accounts;

(b) Summoning and holding of meetings of the Board, the times and places at which such meetings shall be held, the conduct of business there at and the number of members necessary to constitute a quorum;

(c) The duties of [2][officers and other employees] of the Board, and their salaries, allowances and other conditions of service;

(d) All matters necessary or expedient for regulating the operation of the Board under Sec. 20:

(e) The making of advances to licensees by the Board under Sec. 23 and the manner of repayment of such advances;

(f) The making of contributions by the Board under Sec. 24;

(g) The procedure to be followed by the Board in inviting, considering and accepting tenders;

(h) Principles governi ffs;

(i) Principles governing the making of arrangements with licensees under Sec. 47;

(j) Principles governing the supply of electricity by the Board to persons other than licensees under Sec. 49;

[3][(jj) Expending sum not included in statement submitted under sub- section (1) or sub-section (5) of Sec. 61, under sub-section (2) of Sec. 62; 1

(k) Any other matter arising out of the Board's functions under this Act for which it is necessary or expedient to make regulations:

Provided that regulations under Cls. (a), [4][(d) and (ii)] shall be made only with the previous approval of the State Government and regulations under Cls. (h) and (i) shall be made with the concurrence of the authority.

**1. Subs. by Act 20 of 1983, Sec. 2 and the Schedule, for the words "The Board may make regulations" (w.e.f. 15th March 1984).**

**2. Subs. by Act 23 of 1978, Sec. 19, for the words "officers and servants" (w.e.f 3rd June. 1978).**

**3. Ins. by ibid. (w.e.f. 3rd June, 1978).**

**4. Subs. by ibid. for the word and letter "and (d)".**

## STATE AMENDMENT

**UTTAR PRADESH.-** In Sec. 79 of the Principal Act, after the existing proviso, the following proviso shall be inserted, namely: -

"Provided further that the regulations made under Cl. (c) in regard to conditions of services of officers and servants of the Board-

(i) May be made with retrospective effect;

(ii) May in relation to officers and servants who were originally employed under the State Government, and after their resignation were absorbed in the service of the Board in pursuance of State Government Order No. 3670-E [71- XXIII-PB, dated 1st July, 1 971, provide that the Board may initiate or recommence any disciplinary proceedings in respect of their acts and omissions during the period when they were employed under the State Government except in cases where disciplinary proceedings were finally concluded on merits while they were so employed under the Government;

(iii) Shall, in relation to such servants of the Board as are workmen employed in any industrial establishment under the control of the Board, have effect notwithstanding anything contained in any other law for the time being in force". [1]

**1. Vide U.P Act No. 12 1983, Sec.8.**

[1][**79-A. LAYING OF NOTIFICATION BEFORE THE STATE LEGISLATURE.** -Every notification issued under Sec. 55 by the State Government, or the State Commission, as the case may be, every rule made by that Government under Sec. 78 and every regulation made by the Board under Sec. 79 shall be laid, as soon as may be, before the State Legislature.]

**1. Subs. by Act 22 of 1998, Sec. 13, dated 10th August, 1998.**

**80. PROVISION RELATING TO INCOME TAX AND SUPER-TAX. -**

(l) For the purposes of the Indian Income-tax Act, 1922 (XI of 1922),4 the Board shall be deemed to be a company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on its income, profits and gains.

(2) The State Government shall not be entitled to any refund of any such taxes paid by the Board.

**81. [1][MEMBERS, OFFICERS AND OTHER EMPLOYEES] OF THE BOARD TO BE PUBLIC SERVANTS.** -All [1][members, officers and other employees] of the Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act to be public servants within the meaning of Sec. 21 of the Indian Penal Code (XLV of 1860).

**1. Subs. Act 23 of 1978, Sec. 20, for the words "members, officers and servants" (w.e.f. 3rd June, 1978.**

**82. PROTECTION TO PERSONS ACTING UNDER THIS ACT.** -No suit, prosecution or other legal proceeding shall lie against [1][and [2][member or officer other employee] of Board] for anything which is in good faith done or intended to be done under this Act.

**1. Subs. by Act 30 of 1966, for "any person" (w.e.f. 30th December, 1956).**

**2. Subs. Act 23 of 1978, Sec. 20, for the words "members, officers and servants" (w.e.f. 3rd June, 1978.**

## STATE AMENDMENT

UTTAR PRADESH: INSERTION OF NEW SEC. 82-A. -After Sec. 82 of the principal Act, the following section shall be inserted, namely:

"82-A. Mode of proof of documents of the Board.-

(I) A copy of an entry in any register, or of any receipt, application, plan, notice, order or other document in the possession of the Board, shall, if duly certified by an officer authorised in this behalf, be received as prima facie evidence of entry or document and be admitted as evidence of the matter or transaction therein recorded in every case where, and to the same extent as, the original entry or document would, if produced, have been admissible to prove such matters.

(2) No member, officer or servant of the Board shall, in any legal proceeding to which the Board is not a party, be required to produce any register or document, the contents of which can be proved under sub-section (1) by a certified copy or to appear as a witness to prove the matter or transaction recorded therein unless the Court, for reasons to be recorded, considers it necessary to make such an order."[1]

**1. Vide Electricity Laws (Utter Pradesh Amendment) Act, 1974 (36 of 1974), Sec. 8, published in the U.P. Gazette, Extraordinary, dated 19th December, 1974.**

**83. SAVING OF APPLICATION OF ACT**.-Nothing in this Act shall be deemed to apply to a licensee on whom a notice under Sec. 5 or Sec. 7 of The Indian Electricity Act, 191 0 (IX of 19 1 0), has been served prior to the coming into force of the sections, schedule and table mentioned in sub-section (3) of Sec. 1.

# THE FIRST SCHEDULE
## (See Secs. 34 and 36)
## ARRANGEMENTS IN RESPECT OF CONTROLLED STATIONS
## PART I
## ASSUMPTION OF CONTROL

1. (1) The Board shall, by notice in writing to the licensee, fix a date (hereinafter in this Schedule referred to as the date of control), being the first day of a year of account of the licensee, and from such date the licensee shall, except where prevented by causes beyond his control, be under obligation-

(a) Subject to such directions as the Board may from time to time give him, to keep the station at all times in good and substantial repair and condition and ready for use, together with adequate staff for operating, maintaining and controlling the station, and not to make any substantial alterations or renewals in, or remove any essential or substantial part of, the station without the consent in writing of the Board;

(b) To operate the station so as to generate such quantity of electricity with such units of plant at such rates of output and at such times, or to cease to generate electricity during such periods as the Board may direct;

(c) To carry out as soon as may be practicable such reasonable extensions, alterations or renewals of the station or any part thereof as the Board may from time to time direct;

(d) To supply to the Board all the electricity generated at the station.

(2) (2) To enable a licensee to comply with any direction under sub-paragraph (1) requiring extension of the station or any part thereof for purposes of the Board, the Board may, if it considers it expedient and practicable so to do, offer to advance to him a loan upon such terms and conditions as it may deem proper and the licensee [1][may accept the loan from the Board on the terms and conditions offered or may raise a loan from other sources or employ his own funds for the purpose of such extension]:

Provided that notwithstanding anything contained in any law or in any mortgage, charge or instrument executed by the licensee, the loan so advanced by the Board and the interest thereon shall be a first charge on the extension and subject to any prior encumbrance shall also be charged

on the undertaking and all the revenues of the licensee and no such loan shall be amortised in any way by the licensee:

Provided further that if at the date of purchase of the station under this Act or of the licensee's undertaking under The Indian Electricity Act, 19 1 0 (IX of 19 1 0), the said principal or any part thereof remains unpaid though due for redemption or is not on that date due for redemption, then any sum payable by the purchaser as a percentage on account of compulsory purchase under this Act or the said Act shall be reduced by an amount which bears the same proportion to that sum as the amount of the said principal or part thereof remaining unpaid or not being due for redemption as aforesaid

bears to the total of the ordinary, preference and debenture capital of the licensee and the loans advanced by the Board under this sub-paragraph.

**Explanation.-**In this sub-paragraph, the expressions "ordinary capital", .'preference capital" and "debenture capital" have the meanings, respectively assigned to them in the Sixth Schedule.

II. From the date of control the Board shall, except where prevented by causes beyond its control, be under obligation to supply to the licensee, and the licensee shall be under obligation to take from the board, the whole of the electricity required by the licensee for purposes of his undertaking, except such quantity of electricity as the licensee may for the time being be entitled under para III to purchase from a source other than the Board or as he may be generating in another station, not being a controlled station.

111. Unless otherwise agreed between the Board and the licensee, the licensee shall not, where he has received a notice under para. 1, purchase after the date of control any quantity of electricity from a source other than the Board:

Provided that where on the date of the receipt of such notice the licensee is bound under any contract to purchase any quantity of electricity from some other source, he may, for a period not exceeding two years after the date of control or for such further period, if any, as the Board may allow, continue to purchase electricity under the said contract from such other source.

IV. The Board shall pay to the licensee, whether or not any electricity is generated at the station, the costs ascertained in accordance with the provisions of the Eighth Schedule.

V. The price to be paid by the licensee for electricity supplied by the Board shall be determined in the manner provided in the appropriate Part of this Schedule.

VI. The points at which electricity to be supplied under this Schedule shall be delivered by the Board and the licensee respectively shall, unless otherwise agreed between the Board and the licensee, be at the generating station, and the pressure of the supplies shall be such as the Board and the licensee may agree.

VII. Where any licensee owns more than one controlled station,-

(a) Such of the several controlled stations as are inter- connected shall, for the purposes of this Schedule, be deemed to comprise a single controlled station, and, unless the subject or context otherwise requires, the provisions of this Schedule shall be construed as if the word "combined" had been inserted before the word "station" or the words "generating station" wherever they occur ;

(b) The electricity supplied at the several controlled stations by the licensee to the Board, or by the Board to the licensee, shall each respectively be treated as single supplies ;

(c) In the application of Cl. (a) of para. XII, the costs of production at each of the several controlled stations shall be separately ascertained, and in application of Cl. (c) of the said paragraph-

(i) The sum ascertained in accordance with Cl. (a) of para. I of the Eighth Schedule in respect of each of the several controlled stations shall be separately allocated between fixed costs and running costs, and

(ii) The sum of the several fixed costs and the sum of the several running costs shall be the fixed costs and the running costs respectively of the combined station:

(d) In directing the operation of the combined station under Cl. (b) of sub-paragraph (1) of para. 1, the Board shall have regard to the nature and capacity of the licensee's transmission system inter-connecting the several controlled stations and to the requirements of the licensee at each of those stations.

VIII. In the event of the licensee failing, except where prevented by causes beyond his control, to perform or continue to perform any obligation imposed upon him under this part, the Board may give notice to him in writing that on the first day of the licensee's next succeeding year of account, the generating station will be purchased by the Board and on such day the Board shall purchase the station at a price determined in accordance with the Fourth Schedule; and thereafter-

(a) All the provisions of this Schedule except para. II and this paragraph shall, in relation to the licensee, cease to have effect;

(b) (b)The Board shall supply the licensee with the electricity required by him under para. 11 at such price and on such conditions as the Board may determine.

**1. Subs. by Act 101 of 1956, sec. 24 for certain words (w.e.f. 30th December, 1956).**

## PART II
## PRICE TO BE PAID FOR ELECTRICITY SUPPLIED BY THE BOARD UNDER PART I

IX. IX. There shall be agreed between the Board and the licensee in respect of each month of the licensee's year of account-

(a) The maximum capacity of the station, that is to say, the maximum capacity (expressed in kilowatts available for supply to feeders) of such plant and works appertaining to the generation of electricity at the station as where available for reliable and regular commercial operation on the first day of the month, including the capacity of such plant and works as were temporarily out of commission;

forming part of the aforesaid plant and works, which ought properly to be deemed to be stand-by if the station were not a controlled station;

(c) The stand-by capacity of the station, that is to say, the number of kilowatts (expressed in kilowatts available for supply feeders) by which the maximum capacity of the

station would be reduced if the stand-by plant and works referred to in Cl. (b) were to be left out of account;

(d) The actual effective capacity of the station, that is to say, the number of kilowatts by which the maximum capacity exceeds the stand-by capacity.

X. (1) The licensee shall be entitled to purchase from the station in each month at a prize determined under para. XIII a number of kilowatts not exceeding the scheduled effective capacity of the station on the first day of that month as determined in sub-para. (2).

(2) The scheduled effective capacity of the station shall be agreed between the Board and the licensee in respect of each month of the year of account, and shall be computed in the same manner as the actual effective capacity under para. IX, except that there shall be left out of account such units of plant and works, if any,

forming part of the plant and works referred to in Cl. (a) of the said paragraph, as the licensee declares to be surplus to his requirements for the time being:

Provided that the licensee shall not declare to be surplus to his requirements any such units of plant or works as were installed or were an order at the date of control or which were included in any previous computation of the scheduled effective capacity:

Provided further that if as a result of the licensee declaring as surplus to his requirement any units of plant or works, the scheduled effective capacity is in respect of any month computed to be less than the maximum demand of the licensee on the station for the purposes of his own undertaking, then such units of plant or works and all further additional units of plant or works shall thereafter always be deemed to be surplus to the requirements of the licensee as aforesaid unless the Board decides otherwise.

XI. Of the kilowatt-hours purchased by the licensee from the Board in each month, a number of kilowatt-hours not exceeding the number which bears the same proportion to the total number purchased as the scheduled effective capacity for the month bears to the maximum demand of the licensee on the Board in that month shall be purchased at a price determined under para. XIII ; the balance being purchased at a price determined under para. XIV:

Provided that if the station is a hydro-electric station or if any unit of a combined station is a hydroelectric unit, the number of kilowatt-hours which the licensee shall be entitled to purchase as aforesaid shall be reduced by such amount, if any, as may be agreed between the Board and the licensee, having regard to the number of 'kilowatt-hours actually supplied in the month from such hydroelectric station or unit.

XII. As soon as practicable after the end of a year of account-

(a) There shall be ascertained in respect of that year the cost of production at the station in accordance with the provisions of the Eighth Schedule:

(b) There shall be deducted from the total sum ascertained, in respect of the year under Cls. (b), (c), ((I). (e) and (f) of para. I of the Eighth Schedule, such proportion of the charges referred to in the said clauses as are wholly attributable to so much of the plant and works, if any, as has been declared by the licensee under Sub-paragraph (2) of para. X to be surplus to his requirements, and the balance remaining after such deduction shall, for the purposes of this schedule. be referred to as the schedule overhead charges:

Provided that in assessing the said proportion, regard shall be had to the period during which any such plant or works were declared to be surplus as aforesaid;

(c) There shall be allocated between fixed costs and running costs in accordance with t Schedule, the sum ascertained

in respect of' that year under Cl. (a) of para. I of the Eighth Schedule, and the amount of- running costs divided by the number of kilowatt-hours supplied from the station in that year shall for the purposes of the Schedule, be referred to as the running charges component:

(d) There shall be ascertained in respect of that year an amount (in this Schedule referred to as the scheduled fixed works costs) calculated from the expression, A

$$\text{“A} + \frac{\text{A} \times \text{B}}{2\ 2\ \text{C}}\text{” where--}$$

A = the amount of fixed cost ascertained in respect of that year under Cl. (c);

B = the sum of the scheduled effective capacities for each month of that year;

C = the sum of the actual effective capacities for each month of that year.

XIII. The licensee shall pay to the Board in respect of each month of the year amount for XI, -

the electricity purchased under paras. X and

(a) In respect of kilowatts, an amount equal to one-twelfth of the sum of the scheduled over-head charges and the scheduled fixed works costs,

(b) In respect of kilowatt-hours, a sum found by multiplying the number of kilowatt-hours supplied by the running charges component:

Provided that if in any year of account the station for any reason ceases to generate electricity for one thousand hours or more, then for the purposes of ascertaining the running charges component and the scheduled fixed works costs under Cls, (c) and (d), respectively of para. XII-

(i) The said Cl. (c) shall be construed as if there were substituted for the words “that year-” in both places where they occur, the words “the most recent year of account in which the station did not cease to generate electricity for one thousand hours or more” and as if to the said clause the following proviso were added, namely:

“Provided that so much of the said sum as is represented by the cost of fuel shall be adjusted to take account of the cost which would have been incurred had that fuel been consumed at the average prices prevailing in the actual year of account.”;

(ii) In evaluating the expression contained in the said Cl. (d), the letter C shall be deemed to be equal to the sum of actual effective capacities for each month of the recent year of account in which the station did not cease to generate electricity for one thousand hours or more:

Provided further that if in any year of account there exist in the station any units of plant or works which have been declared by the licensee under sub-paragraph (2) of para. X to be surplus to his requirements in that year, there shall be added to the running charges component in respect of that year the

amount, if any, by which that part of the said component attributable to the cost of fuel

is less than ninety per centum of the corresponding part of the running charges component in respect of the year of account immediately preceding that in which the earliest installed capacity of the said units of plant or works first came into commercial operation in the station and in ascertaining the corresponding part as aforesaid, the fuel consumed shall be deemed to be of the same average quantity and to be consumed at the same average cost per ton as the fuel consumed in the year of account:

Provided further that if in respect of any month of the year of account any units of plant or works previously declared by the licensee as aforesaid to be surplus to his requirements are for the first time taken into account in assessing the scheduled effective capacity for that month, then in addition to the payment referred to in Cl. (a) the licensee shall pay to the Board a sum equal to any sums previously paid by the Board to the licensee on revenue account (in respect of any period prior to the date on which the said units of plant or works came into commission) by way of interest depreciation testing and turning-up expenses attributable to the said units of plant or works; and the sum to be paid as aforesaid shall become due in one or more installments and at such time or times as the Board may direct.

XIV. The price payable by the licensee to the Board for all electricity supplied by the Board to him in excess of quantities referred to in paras. X and XI and shall be the Grid Tariff.

XV. The licensee shall have the right at any time, on giving to the Board prior notice in writing expiring at the end of any year of account, to purchase from the Board at the Grid Tariff the whole of the electricity supplied to him by the Board thereafter:-

Provided that the Board in those circumstances may make it a condition that the licensee shall, until the date on which the scheduled effective capacity of the station becomes nil, pay to the Board in respect of each month in addition to the Grid Tariff one-twelfth of such proportion as the Board may fix of the annual charges by way of interest and depreciation which would have been payable to the Board in respect of the year of account had the said notice not been given:-

Provided further that in assessing the scheduled effective capacity for the purposes of the first proviso all units of plant or works which may have been under this Schedule declared or deemed to be surplus to the requirements of the licensee at the date of expiration of the said notice and all additional units of plant or works shall after

that date always be deemed to be surplus to the requirements of the licensee:-

Provided further that after the expiration of the said notice the licensee shall not be entitled any time to purchase electricity from the Board at the price ascertained under Para. XIII.

## PART III

## PERMANENT CLOSI NTROLLED STATION

XVI. The Board may give the licensee not less than six months notice in writing expiring at the end of any year of account that from that first day of the next succeeding year of account it will not again direct the licensee to generate any electricity in the station, and upon that date (hereinafter in this Schedule referred to as the date of closing down) the station shall be permanently closed down.

XVII. From the date of closing down paras. 1, IV and VIII shall, be in relation to the station, cease to have effect, and on receipt of the notice under para. XVI the licensee shall have the option (to be exercised by a date not later than three months prior to the date of closing down) either-

(a) (i) To sell the station at any time after date of closing down, and

(ii) To purchase the electricity supplied to him by the Board at the Grid Tariff, or

(b) (i) To require the Board to purchase the station or at the option of the licensee the undertaking of the licensee at the date of closing down at a price determined under the Fourth Schedule, and

(ii) (ii)To purchase the electricity supplied to him by the Board in accordance with the provisions of Part 11 as modified by para. XVIII:

Provided that where the station cannot be served from the distributing system of the licensee or where the severance of the station from the distributing system of the licensee is likely to affect prejudicially the interests of the licensee, the licensee shall be entitled to demand that the Board shall purchase his entire undertaking and on such demand being made the Board shall purchase the entire undertaking of the licensee.

Any question arising under the proviso to this paragraph shall be referred to the arbitration under Sec. 76.

XVIII. Where a licensee exercises his option under para. XVII in terms of Cl. (b) thereof, the Board shall comply with the requirement to purchase the station under the sub-clause (i) of that clause, and in applying the provisions of Part II to the purchase by the licensee of electricity supplied to him by the Board,-

(a) The station shall, notwithstanding that it has been permanently closed down, be deemed to remain a controlled station in operation but to be such a station which has ceased to generate electricity for one thousand hours or more during each year of account;

(b) Cl. (a) of para. IX shall be construed as if the following were substituted thereof, namely:

"(a) The maximum capacity of the station, that is to say, the maximum capacity (expressed in kilowatts available for supply to feeders) of such plant and works appertaining to the generation of electricity at the date of closing down as would have been available for reliable and regular commercial operation on the first day of each month, had the station not been closed down under Part III and had no replacement of any ma orks been carried out;"

(c) Cl. (a) of para. XII shall be construed as if the following were substituted thereof, namely:

"(a) There shall be ascertained in respect of the year of account such annual charges by way of interest and depreciation attributable to the assets purchased by the Board under Part III as would have resulted from the application of Cls. (e) and (f)of Para. I of the Eighth Schedule had those assets remained in the ownership of the licensee:":

(d) Cls. (b) of Para. XII shall be construed as if the reference therein to Cls. (b) (c) and (d) of para. 1. of the Eighth Schedule were omitted;

(e) There shall be added to the sum payable by the licensee to the Board under Cl. (a) of Para. XIII in each month of 'the

year of account a sum equal to one-twelfth of the amount calculated from the expression,-

$$\text{"}\frac{A*B,}{C}\text{ where}$$

A = that part of the scheduled overhead charges payable by the licensee to the Board in respect of the most recent year of account during which the station did not cease to generate electricity for one thousand hours or more, which relates to the items referred to in Cls. (b), (c) and (d) of para. I of the Eighth Schedule;

B = the Sum of- the scheduled effective capacities for each month of the year of account;

C = the sum of 'the scheduled effective capacities for each month of the most recent year of account as aforesaid.

## PART IV

## PURCHASE BY BOARD OF CONTROLLED STATION NOT TO BE CLOSED DOWN

XIX. Where in respect of any month notified by the Board (and hereinafter in this Schedule referred to as the relevant month), the scheduled effective capacity of the station is computed under para. X to be less than one-half of the actual effective capacity of the station, the Board may give to the licensee six months' notice in writing that on the first day of the year of the account next following the date of expiration of such notice the station will be purchased by the Board.

XX. Notwithstanding anything contained in para. X, in computing the scheduled effective capacity for purposes of para. XIX there shall be left out of account all such units of plant and works as would not reasonably have been required by the licensee for purposes other than supply to the Board had the station not been a controlled station.

XXI. Where a notice under para. XIX has been served by the Board on the licensee, the Board shall purchase the station or where a severance of the station from the distributing s not possible or is likely to affect

prejudicially the interest of the licensee and the licensee so requires the entire undertaking of the licensee at the date specified in the notice and at a price determined under the Fourth Schedule.

XXII. From the date of purchase of the station or at the option of the licensee the undertaking of the licensee under para. XXI the provisions of paras.I, IV and VIII shall, in relation to the station, cease to have effect, and the licensee shall be required to purchase the electricity supplied to him by the Board in accordance with the provisions of Part II as modified by para. XXIII.

XXIII. In applying the provisions of Part II of the purchase by a licensee whose station has been purchased under this Part of electricity supplied to him by the Board,-

(a) The station shall, notwithstanding that it has been purchased by the Board, be deemed to remain a controlled station;

(b) Cl. (a) of para. XII shall be construed as if the reference therein to the provisions of Eighth Schedule excluded a reference to Cls. (b), (c) and (d) of para. I of that Schedule, and as if the following proviso were added to the said Cl. (a), namely:-

"Provided that the annual charges to be included in accordance with Cls. (e) and (f) of para. I of the said Schedule shall be such as would have resulted had the assets purchased by the Board under Part IV remained in the ownership of the licensee,"

(c) Cl. (b) of para.XII shall be construed as if the reference therein to Cls. (b). (c) and (d) of para. I of the Eighth Schedule were omitted;

(d) There shall be added to the sum payable by the licensee to the Board under Cl. (a) of para. XIII in each month of the year of account a sum equal to one-twelfth of the amount calculated from the expression,

$$\text{"}\frac{A \times B}{C,}\text{ Where .}$$

A = That part of the scheduled overhead charges payable by the licensee to the Board in respect of the last year of account in which the station was in the ownership of the licensee, which relates to the items referred to in Cls. (b), (c), and (d) of para. I of the Eighth Schedule:

B = The sum of scheduled effective capacities for each month of the year of account;

C, = The sum of 'the scheduled effective capacities for each month of the said last year of account.

# THE SECOND SCHEDULE
## (SEE SEC. 35)
## SUPPLY BY BOARD TO LICENSEES OWNING STATIONS OTHER THAN CONTROLLED STATIONS

1. Before the end of each year the Board shall declare to the licensee in respect of each of the two next succeeding years the maximum number of kilowatts which it will make available for the purpose of the licensee's undertaking.

II. Where the Board and the licensee agree that the number of kilowatts declared under para. I will be inadequate to meet the requirements of the licensee having regard to the capacity of the licensee's generating plant, the Board shall not refuse its consent under Sec. 44, the provisions of that section notwithstanding, to the installation by the licensee of such generating plant as he may reasonably require for the purposes of his undertaking, unless the Board is able appropriately to amend its declaration within a reasonable time.

III. The licensee shall be entitled to demand from the Board, and the Board shall, except where prevented by causes beyond its control, be under obligation to supply to the licensee, a maximum number of kilowatts in each year not exceeding, without the consent of the Board, the maximum number of kilowatts declared under this Schedule in respect of that year.

IV. The point at which the electricity to be supplied under this Schedule shall be delivered to the licensee shall, unless otherwise agreed between the Board and the licensee, be at the licensee's generating station, and the pressure of supply shall be such as may be agreed between the Board and the licensee.

V. The Board shall bear the whole of the cost of the service apparatus required for making the supply under this Schedule available to the licensee.

VI. The price to be paid by the licensee to the Board in respect of each year for electricity supplied under this Schedule shall be the GridTariff.

# THE THIRD SCHEDULE
## (SEE SEC. 36)
## CLOSING DOWN OF GENERATING STATIONS OTHER THAN CONTROLLED STATIONS

1. Where the Board proposes under Sec. 36 permanently to close down a generating station other than a controlled station, it shall give the licensee owning the station not less than six months' notice in writing expiring at the end of any year of account that from the first day of next succeeding year account (hereafter in this Schedule referred to as the date of closing down) the station be permanently closed down.

II. From the date of closing down the Board shall be under obligation to supply the licensee, except where prevented by causes beyond its control, and the licensee shall be under the obligation to take from the Board, the whole of the electricity required by the licensee for the purposes of his undertaking, except such quantity of electricity as the licensee may for the time being be entitled under para. III to purchase from a source other than Board or as he may be generating in another station, not being a controlled station.

III. Unless otherwise agreed between the Board and the licensee the licensee, shall not, where he has received a notice under para. I purchase after the date of closing down any quantity of the electricity from a source other than the Board:

Provided that where on the date of receipt of such notice the licensee is bound under any contract to purchase any/quantity of electricity from some other source, he may, for a period not exceeding two years after the date of closing down or for such further period, if any, as the Board may allow, continue to purchase electricity under the said contract from such other source.

IV. (1) The point at which electricity to be supplied by the Board shall be delivered to the licensee shall, unless otherwise agreed between the Board and the licensee, be at the licensee's generating station, and the pressure of supply shall be such as may be agreed between the Board and the licensee.

(2) The Board shall bear the whole of the cost of the service apparatus required for making the supply available to the licensee.

V. The licensee shall have the option, to be exercised by a date not later than three months prior to the date of closing down, either,-

(a) (i)To sell the station at any time after the date of closing down, and

(ii)To purchase the whole of the electricity supplied to him by the Board at the Grid Tariff, or

(a) (a) (i)To require the Board to purchase the station [1][or the entire undertaking at the date of closing down at a price determined under the Fourth Schedule, and

(ii)To purchase the whole of the electricity supplied to him by the Board on the terms hereafter setout in this schedule.

VI. Where a licensee exercises his option under para. V in terms of Cl. (b) thereof, the Board shall comply with the requirement to purchase under sub-clause (i) of that clause, and the following provisions of this Schedule shall apply.

VII. As soon as practicable after the licensee has exercised his option as aforesaid, there shall be ascertained and agreed between him and Board the following quantities in respect of each year of account subsequent to the date of closing down, namely:

(a) The maximum capacity of the station, that is to say, the maximum capacity (expressed in kilowatts available for supply to feeders) of such plant and works appertaining to the generation of electricity at the date of closing down as would have been available for reliable and regular commercial operation on the first day of the year of account, had the station not been closed down under this Schedule and had no replacement of any major item of such plant or works been carried out subsequent to the date of closing down.

forming part of the aforesaid plant and works, which would have represented reasonable stand by in the section.

(c ) The standby capacity of the station, that is to say, the number of kilowatts (expressed in kilowatts available for

supply to feeders) by which the maximum capacity of the station would be reduced if the standby plant and works referred to Cl. (b) were to be left out of account.

(d) The agreed effective capacity of the station, that is to say, number of kilowatts by

which the maximum capacity exceeds the standby capacity.

VIII. As soon as practicable after the date of closing down there shall be ascertained in agreement between the Board and the licensee in respect of each of the three consecutive years of account immediately preceding the date of closing down (hereafter in this Schedule referred to as the basic years)-

(a) The sums expended by the licensee and wholly attributable to the generation of electricity under the following heads, namely:

(i) Fuel;

(ii) Oil, water and stores consumed;

(iii) Salaries and wages and any contribution by the licensee for pensions, provident fund, superannuation and insurance of officers and servants;

(iv) Repairs and maintenance, and renewals not chargeable to capital account;

(v) Management, rents, rates and taxes (including super- tax payable by the licensee as a company, but excluding other taxes on profits), insurance of plant and general establishment charges:

(vi) Any other expense on revenue account;

(b) The actual effective capacity of the station on the first day of each such year agreed in accordance with the principles set out in para, IX of the First Schedule.

IX. As soon as practicable after the beginning of each year of account there shall be ascertained in respect of that year such annual charges by way of interest and depreciation attributable to the assets purchased by the Board under this Schedule as Would hive resulted from the application of Cls. (e) and (f) of para. I of the Eighth Schedule, had those assets remained in the ownership of the licensee.

X. The licensee shall be entitled to purchase from the Board in each year of account at a price determined under para XI-

(a) A number of kilowatts not exceeding the agreed effective capacity ascertained in respect of that year under para. VII, and

(b) A number of kilowatt-hours not exceeding the number of kilowatt-hours which bears the same proportion to the total number of kilowatt-hours that year for the purposes of

his undertaking as the agreed effective capacity ascertained in respect of that year bears to the total maximum demand of the licensee in that year for the said purposes.

XI. The price payable by the licensee in respect of each year of account for the quantity of electricity specified in para. X shall be-

(a) In respect of kilowatts, a fixed charge equal to the sum of-

(i) An amount calculated from the expression "A +A*B" 2 2 C

(ii) An amount calculated from the expression " B x D,,

C

(ii) (ii) The annual charges by way of interest and depreciation ascertained in respect of the year of account under para. IX, where

A= One-third of the total costs during the basic years under heads (ii), (iii), (iv) and (vi) set out in Cl. (a) of para. VIII ;

B= The agreed effective capacity for the year of account;

C= One-third of the sum of the actual effective capacities [ascertained under Cl. (b) of para. VIII ]for each of the basic years;

D=One-third of the total costs during the basic years under head (v) set out in Cl. (a) of para. VIII ;

(b) In respect of kilowatt-hours, a running charge per kilowatt- hour ascertained -

(i) By multiplying the total number of tons of fuel consumed in the station in the basic years by the estimate agreed between the Board and the licensee of the cost per ton which would have been incurred in delivering and handling the same quantity of fuel of equivalent calorific value to the furnaces in the station during the year of account, had the station remained in the ownership of the licensee, and

(ii) By dividing the total cost so found by the total number of units sent out from the station in the basic years.

XII. The price payable by the licensee for all electricity supplied to him by the Board in excess of the quantity specified in para. X shall be the Grid Tariff.

XIII. The licensee shall have the right at any time on giving the Board prior notice in writing expiring at the end of a year of account of purchase at the Grid Tariff the whole of the electricity supplied to him by the Board:

Provided that the Board in those circumstances may make it a condition that the licensee shall, until the date on which agreed effective capacity of the station becomes nil, pay to the Board in each year of account in addition to The Grid Tariff a sum equal to such proportion as the Board may fix of the annual charges by way of interest and depreciation ascertained in respect of the year under para. IX:

Provided further that after the expiration of the said notice, the licensee shall not be entitled at any time to purchase electricity from the Board at the price ascertained under para. XI.

**1. Ins. by Act 101 of 1956, Sec. 25 (w.e.f 30th December, 1956).**

## THE FOURTH SCHEDULE
## (SEE SECS. 23 AND 37 AND FIRST AND THIRD SCHEDULES)
## PRICE FOR UNDERTAKINGS; GENERATING STATIONS AND MAIN TRANSMISSION LINES PURCHASED BY THE BOARD

1. For the purposes of this Schedule-

(a) "Date of vesting" means the date on which the undertaking, generating station, main transmission line or asset

forming part of such station or line, as the case may be, vests in the Board;

(b) "Original cost.' of an asset means the amount of expenses certified or determined under para. II to have been properly incurred on and incidental to the provision of the asset for the purposes of the undertaking, generating station or main transmission line, as the case may be.

[1][(C) * * * * * * *]

II. II. The price to be paid for any undertaking, generating station or main transmission line, as the case may be, purchased by the Board under this Act shall be such sum as may be certified by an auditor appointed by the State Government in this behalf to have been the amount properly incurred on and incidental to the establishment of the undertaking, station or main transmission line, as the case may be, less depreciation thereon [2][calculated in accordance with the provisions of para. VI of the Sixth Schedule]:

Provided that there shall be added to such sum as aforesaid on account of such purchase of the generating station or main transmission line such reasonable compensation as may be determined by the Board having due regard to the fact that a portion of the undertaking is to be acquired:

Provided further that if the Board or the licensee is dissatisfied with the sum so certified, the matter shall, in default of agreement between them, be determined [3][by arbitration] as provided in Sec. 76.

[4][III * * * * * * * ]

IV. The auditor appointed under para. II shall be a person qualified under the provisions of Sec. 144 of the [5][, Indian Companies Act, 1913 (7 of 1913)], to act as an auditor of companies.

V. The auditor's costs under this Schedule shall be shared equally by the Board and the licensee concerned

**1. Clause (c ) omitted by Act 23 of 1978, Sec. 22 (w.e.f. 3rd June, 1978).**

**2. Subs. by ibid. for certain words (1)Ins. by Act 30 of 1966, Sec. 19 (w.e.f.**

**3. 16th September, 1966).**

**Paragraph III omitted by Act 23 of 1978, Sec. 22 (w.e.f., 3rd June, 1978).**

**4. Relevant provisions of the Companies Act, 1956 (1 of 1956) may be referred to.**

**5. Relevant provisions of the Companies Act, 1956 (1 of 1956) may be referred to.**

## THE FIFTH SCHEDULE

## (SEE SEC. 41)

## CHARGES FOR USE [1][ BY BOARD FOR GENERATING COMPANY] OF TRANSMISSION LINES AND MAIN TRANSMISSION LINES

**I . Subs. by Act I15 of 1976, Sec. 32 for the words "By Board" (w.e.f. 8th October, 1976.).**

1. The following charges and allowances shall be made in respect of a year of account for the use by [1][the Board or the Generating Company] of main transmission lines or transmission lines (hereafter in this Schedule referred to as lines) namely:

(a) The actual cost of maintenance of the lines, including renewals thereof not chargeable to capital account;

(b) Sums paid in respect of the lines for insurance and as rents, rates and taxes[2] [(including all taxes payable on income and profits)] -,

(c) The proportion of management and general establishment charges properly attributable to the lines;

(d) Any other expenses on revenue account properly attributable to the lines;

(e) [3][Interest on the depreciated cost of the lines shown in the books, of the undertaking and properly attributable to the lines (whether defrayed out of capital or revenue and interest on such working capital as is properly attributable to the lines]:

Provided that for the purpose of ascertaining the principal on which interest is payable within the meaning of this clause, there shall be

left out of account any part of principal interest on which is charged to capital;

(f) An allowance for depreciation of an amount determined in respect of the lines in accordance with the provisions of para. VI of the sixth Schedule.

II. If the lines are used partly by [1][the Board or the Generating Company] and partly by the licensee owning them, or if the arrangement for their use comes into force or determines otherwise than at the beginning or end of a year of account, the charges and allowances referred to in Para. I shall be the proper proportion thereof having regard to the use made of the lines by [1][the Board or the Generating Company] the period of such use during the year and with the addition of the cost of such additional transmission losses as may have been incurred by the licensee as a result of the Board's user of the lines.

[4][III. For the purposes of Cl. (e) of para. I,-

(i) "Depreciated cost of the lines" means original cost thereof as determined in accordance with the provisions of sub- paragraph (6) of para. XVII of Sixth Schedule less the amount written of or set aside on account of depreciation on fixed assets and the amount written off in respect of intangible assets thereof in the books of the undertaking before or after the commencement of this Act;

(ii) The rate of interest shall be,-

(a) Where the licensee owning the lines is a local authority, the average rate payable on the money raised by that authority for the purpose of constructing the lines;

(b) In any other case, the Reserve Bank rate ruling at the beginning of the year referred to in para. I plus two per centum.]

**1. Subs. by Sec. 32, ibid., for the words "the Board" (w.e.f. 8th October, 1976).**

**2. Subs. by Act I01 of 1956, Sec. 26, for words "(including super- tax payable by the licensee as a company, but excluding other taxes on profits)" (w.e.f. 30th December 1956).**

**3. Subs. by ibid. for certain words**

**4. Subs. by Act 30 of 1966, Sec. 20, for para III (w.e.f. 1st April, 1966).**

# THE SIXTH SCHEDULE
# [1][(SEE SECS. 57 AND 57-A)
# FINANCIAL PRINCIPLES AND THEIR APPLICATION

**1 . Subs. by act 101 of 1956, Sec. 27, for the brackets, words and figures "See Sec. 57" (w.e.f. 30th December 1956).**

1. [1][Notwithstanding anything contained in The Indian Electricity Act, 1910 (9 of 19 1 0)[2] [except sub-section (2) of Sec. 22-A], and the provisions in the licence of a licensee, the licensee shall so adjust his [3] [charges] for the sale of electricity whether by enhancing or reducing them that his clear profit in any year of account shall not, as far as possible, exceed the amount of reasonable return:

[4][Provided that such [3][charges] shall not be enhanced more than once in any year of account:

Provided further that the licensee shall not be deemed to have failed so to adjust his [3][charges] if the clear profit in any year of account has not exceeded the amount of reasonable return by [5][twenty] per centum of the amount of reasonable return:

Provided further that the licensee shall not enhance the [3][charges] for the supply of electricity until after the expiry of a notice in writing of not less than sixty clear days of his intention to so enhance the 4[charges], given by him to the State Government and to the Board:

Provided further that if the [3][charges] of supply fixed in pursuance of the recommendations of a rating committee constituted under Sec. 57-A are lower than those notified by the licensee under and in accordance with the preceding proviso, the licensee shall refund to the consumers the excess amount recovered by him from them: ]

[6][Provided also that nothing in this Schedule shall be deemed to prevent a licensee from levying with the previous approval of the State Government, minimum charges for supply of electricity for any purpose.]

[6][1-A. The notice referred to in the third proviso to para. I shall be accompanied by such financial and technical data in support of the proposed enhancement of charges as the State Government may, by general or special order, specify.]

II. (1) If the clear profit of a licensee in any year of account is in excess of the amount of reasonable return, one-third of such excess, not exceeding [7][five per cent.) of the amount of reasonable return, shall be at the disposal of the undertaking. Of the balance of the excess, one-half shall be appropriated to a reserve which shall be called the Tariffs and Dividends Control Reserve and the remaining half shall either be distributed in the form of a proportional rebate on the amounts collected from the sale of electricity and meter rentals or carried forward in the accounts of the licensee for distribution to the consumers in future, in such manner as the State Government may direct.

(2) The Tariffs and Dividends Control Reserve shall be available for disposal by the licensee only to the extent by which the clear profit is less than the reasonable return in any year of account.

(3) On the purchase of the undertaking under the terms of its licence any balance remaining in the Tariffs and Dividends Control Reserve shall be handed over to the purchaser and maintained as such Tariffs and Dividends Control Reserve:

[8][Provided that where the undertaking is purchased by the Board or the State Government, the amount of the Reserve may be deducted from the price payable to the licensee.]

[9][(4) On the purchase of the undertaking after the expiry, or on the revocation, of its licence or otherwise, all amounts of rebate lying undistributed to the consumers on the date of such purchase shall be handed over to the purchaser who, in turn, shall enter the same in his books of account, under the heading Consumer's Rebate Reserve and any amount lying undistributed in that Reserve shall be carried forward for distribution to the consumer concerned: -

Provided that the share of money in the Consumers' Rebate Reserve payable to the consumers who are not traceable or who have ceased to be consumers in relation to that undertaking, may be utilised in the development works of the purchaser.]

III. There shall be created from existing reserves or from the revenues of the undertaking a reserve to be called “Contingencies Reserve”.

IV. (1) 'The licensee shall appropriate to Contingencies Reserve from the revenues of each year of account a sum not less than one- quarter of one per centum and not more than one-half of one per centum of the original cost of fixed assets, provided that if the said reserve exceeds, or would by such appropriation, be caused to

exceed, five per centum of the original cost of fixed assets, no appropriation shall be made which would have the effect of increasing the reserve beyond the said maximum.

[10][(2) The sums appropriated to the Contingencies Reserve shall be invested in securities authorised under the Indian Trusts Act, 1882 (2 of 1882), and such investment shall be made within a period of six months of the close of the year of account in which such appropriation is made.]

V. [11][(1) The Contingencies Reserve shall not be drawn upon during the currency of the licence except to meet such charges as the State Government may approve as being--

(a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented;

(b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;

(c) Compensation payable under any law for the time being in force and for which no other provision is made.

[10][(2) On the purchase of the undertaking, the Contingencies Reserve, after deduction of the amounts drawn under sub-paragraph (1), shall be handed over to the purchaser and maintained as such Contingencies Reserve:

Provided that where the undertaking is purchased by the Board or the State Government, the amount of the Reserve computed as above shall, after further deduction of the amount of compensation, if any, payable to the employees of the outgoing licensee under any law for the time being in force, be handed over to the Board or the State Government, as the case may be.]

**1. Subs. by Sec. 27, ibid., for certain words.**

**2. Ins. by Act 32 of 1959, Sec. 41 (w.e.f. 5th September, 1959.). 3. Subs. by Act 30 of 1966 Sec. 21 for the word "rates" (w.e.f. 1st April, 1966.).**

**4. Subs. by Act 101 of 1956, Sec. 27, for the proviso (w.e.f 1st April, 1957).**

**5. Subs. by Act 30 of 1966, Sec. 21, for the word "fifteen" (w.e.f. 1st April, 1966).**

**6. Ins. by Act 30 of 1966, Sec. 21 (w.e.f. 1st April. 1966).**

**7. Subs. by Act 101 of 1956, Sec. 27, for the figure and words "7 per cent." (w.e.f.1st April 1957).**

**8. Ins. by Act 30 of 1966, Sec. 21 (w.e.f. April, 1966).**

**9. Ins. by Act 115 of 1976, Sec. 33 (w.e.f. 8th October, 1976). 10. Subs. by Act 30 of 1966, See, 21, for former sub-paragraph (2) (w.e.f.1st April, 1966).**

**11. Paragraph V re-numbered as sub-paragraph (l) thereof by act 101 of 1956, Sec. 27 (w.e.f. 1st April, 1957).**

## STATE AMENDMENT

WEST BENGAL.- In its application to the State of West Bengal, (a) in Sch. VI, after para. V (1), Sub para. (I -A) inserted as under-

"(1- A)The licensee may, with the previous approval of the State Government, take an advance from the Contingency Reserve during the currency of the licence to meet such charges and on such terms and conditions as the State Government may determine".

(b) Sub-paragraph substituted as under -

"(2) On the purchase of the undertaking the following amounts shall be handed over to the purchaser and maintained as Contingency Reserve-

(a) The Contingency Reserve after deduction of the amount drawn under sub-para (1): and

(b) The amount which has not been repaid out of the taken from the Contingency Reserve under sub-paragraph (I -A), together with the interest, if any, payable on the advance:

Provided that where the undertaking is purchased by the Board or the State Government, the amounts referred to in Cls. (a) and (b) above, shall after deduction of the amount of compensation, if any, payable to the employees of the Outgoing licensee under any law for the time being in force, be handed over to the Board or the State Government, as the case may be".-W.B. Act, 42 of 1979, Sec. 3 (w.e f. 17th March, 1980).

1[V-A. (1) There shall be created a reserve to be called the Development Reserve to which shall be appropriated in respect of each accounting year a sum equal to

the amount of income-tax and super-tax calculated at rates applicable during the assessment year

for which the accounting year of the licensee is the previous year, on the [2][amount of investment allowance] to which the licensee is entitled for the accounting year [2][under Sec. 32-A of the Income-tax Act, 1961 (43 of 1961)]:

Provided that if in any accounting year, the clear profit [excluding the special appropriation to be made under item (va) of Cl.(c ) of sub-paragraph (2) of para. XVII together with the accumulations, if any, in the Tariffs and Dividends Control Reserve less the sum calculated as aforesaid falls short of the reasonable return, the sum to be appropriated to the Development Reserve in respect of such accounting year shall be reduced by the amount of the shortfall.

(2) Any sum to be appropriated towards the Development Reserve in respect. of any accounting year under sub-paragraph (1), may be appropriated in annual instalments spread over a period not exceeding five years from the commencement of that accounting year.

(3) The Development Reserve shall be available only for investment in the busiess of electricity supply of the undertaking.

(4) On the purchase of the undertaking, the Development Reserve shall be handed over to the purchaser and maintained as such Development Reserve: ]

[3][Provided that where the undertaking is purchased by the Board or the State Government, the amount of the Reserve [4][(whether such amount is in the form of cash or other assets)] may be deducted from the price payable to the licensee.]

[5][VI. (a) The licensee shall provide each year for depreciation such sum calculated in accordance with such principles as the Central Government may, after consultation with the Authority, by notification in the Official Gazette, lay down from time to time.

(b) Where in any particular year depreciation cannot be adjusted against revenue the same may be carried over to subsequent years.

(c) The provisions of this paragraph shall apply to the charging of depreciation for the year in which The Electricity (Supply) Amendment Act, 1978 (23 of 1978),comes into force.)

XII. Where contributions are made by consumers towards the cost of construction of service/lines constructed after the date on which

this Act comes into force only the net cost of such service lines after deducting such contributions shall be included in the cost of fixed assets for the purposes of arriving at the capital base:

Provided that for the purpose of depreciation under para. VI, the total original cost of construction of the service lines shall be taken into account.

XIII. (1) Subject to the provisions of sub-paragraph (2) the ordinary remuneration of a managing agent excluding the office allowance mentioned in sub-paragraph (3) but including, purchasing commission, if any, shall be based on a percentage of

net profits [6][ as determined in accordance with the provisions of Sec. 349 of the Companies Act, 1956 (1 of 1956), and shall not exceed-

(a) In respect of the first Rs. 5 lakhs of such net profits-10 percent. and

(b) In respect of all net profits in excess of Rs. 5 lakhs-7 percent.

(2) The amount paid to a managing agent shall be subject to a minimum payment on account of ordinary remuneration not exceeding two rupees per annum for each complete thousand rupees of paid-up share and debenture capital, provided that for purposes of computing the minimum payment should the share and debenture capital be less than rupees five lakhs it shall be taken as rupees five lakhs and

should the said capital be greater than rupees one crore it shall be taken as rupees one crore.

(3) An office allowance drawn by a managing agent which shall include the salaries and wages of all persons employed in the office of the managing agent, but not the salaries of the engineering staff

employed for purposes of the undertaking, shall be a percentage of the operating expenditure and the expenditure during the year of account on capital works. The office allowance so drawn shall not exceed-

(a) In respect of the first Rs. 1 lakh of operating expenditure-8 per-cent.

In respect of the next Rs. 2 lakhs of operating expenditure- 5 per cent.

In respect of the next Rs. 7 lakhs of operating expenditure (2.5) per cent.

In respect of all operating expenditure in excess of Rs. 10 lakhs- 1.5 per cent.

(b) In respect of the first Rs. 1 lakh of capital expenditure incurred during the year of account-4 per cent.

In respect of the next Rs. 2 lakh of capital expenditure incurred during the year of account-3 per- cent.

In respect of the next Rs. 7 lakhs of capital expenditure incurred during the year of account-1.5 per- cent.

In respect of all capital expenditure in excess of Rs. 10 lakhs incurred during the year of account-I per cent.

Operating expenditure for the purposes of sub-paragraph (3) (a) above shall mean the sum of the items of expenditure as defined in sub-paragraph (2) (b) of para.

XVII with the omission of those under Cls. (i), (iv), (ix) and (x) thereof.

[7][Explanation.-For the purposes of this paragraph, the expression "managing agent" shall include every person, by whatever name called, who is in charge of the management of the whole, or substantially the whole, of the undertaking and where more persons than one are placed in charge of the management of the whole or substantially the whole, of the undertaking, the total remuneration payable to all such persons shall not in the ag specified in this paragraph.]

XIV. The Board of Directors of an undertaking shall not contain more than ten directors.

XV. (1) Where at any time within three years before the next option of purchase under the licence arises, the licensee proposes to make any capital expenditure which exceeds [8][in any year of account,] twenty-five thousand rupees or two per centum of the capital base, whichever is more, in respect of which any amount would in the event of purchase under the option be payable by the purchaser to the licensee, the licensee shall, before giving effect to such proposal, apply to the Board or where no Board is constituted, the State Government for its concurrence.

(2) If the Board or the State Government, as the case may be, does not within one month from the receipt of such application, consent to such expenditure, the licensee may refer the matter to the arbitration of the Authority.

XVI. Any dispute or difference as to the interpretation or any matter arising out of the provisions of this Schedule shall be referred to the arbitration of the Authority:

[9](Provided that where a rating committee has been constituted under Sec57-A, no such dispute or difference shall be referred to the arbitration of the Authority during the period between the date of the constitution of such Committee and the date of the order of the State Government made on the recommendations of the Committee.]

**1. Ins. by Act 101 of 1956, Sec. 27 (w.e.f. 1st April, 1957).**

**2. Subs. 'by Act 23 of 1978, Sec. 23, for certain (w.e.f. 3rd June, 1978).**

**3. Added by Act 30 of 1966, Sec. 21 (w.e.f. 1st April, 1966).**

**4. Ins. by Act 23 of 1978, Sec. 23 (w.e.f. 3rd June, 1978).**

**5. Subs. by ibid., Sec. 23, for paras. VI, VII, VIII, IX, X and XI (w.e.f. 3rd June, 1978).**

**6. Subs. by Act 101 of 1956, Sec. 27, for the words, figures and brackets "as defined in Sec. 87-C (3) of the Indian Companies Act, 1913 (7 of 1913)" (w.e. f. 1st April, 1957). Ins.**

**7. by Act 101 of 1956, Sec. 27 (w.e.f. 1st April, 1957).**

**8. Ins. by Act 30 of 1966, Sec. 21, (w.e.f. lst April, 1966).**

**9. 9.Ins. by Act I01 of 1956, Sec. 27 (w.e.f. 1st April, 1957).**

## DEFINITIONS

XVII. For the purposes of this Schedule-

(1) "Capital base" means the sum of-

[1][(a) the original cost of fixed assets available for use and necessary for the purpose of the undertaking subject to the provisions of para. XII in respect of service-lines, and the excess amount referred to in the proviso to sub-paragraph (2) of para. VII in respect of any fixed asset which has ceased to be available for use;]

(b) The cost of intangible assets [2][including expenses on account of new capital issue];

(c) The original cost of works in progress:

[3][(d) The amount of investments compulsorily made under para. IV of this Schedule together with the amount of

such investments made after the commencement of this Act from contributions towards depreciation as in the opinion of the Authority could not be utilised for the purpose of the business of electricity supply of the undertaking:]

(e) An amount on account of working capital equal to the sum of-

(i) One-twelfth of the sum of the book cost of stores, materials and supplies including fuel on hand at the end of each month of the year of account;

(ii) (ii) One-twelfth of the sum of [4][cash and bank balances (whether credit or debit) and call and short-term deposits at the end of each month of the year of account, not exceeding in the aggregate an amount equal to one-quarter of the expenditure under sub-para. (2) (b) of this paragraph excluding [5][sub-clauses (i), (iv) (iv-a), (iv-b) and (x)];less-

(i) The amount written off or set aside on account of depreciation of fixed assets and amounts written off in respect of intangible assets in the books of the undertaking before or after the commencement of this Act; [6][***]

(ii) The amount of any loans advanced by the Board [7] [***];

[8][(ii-a) The amount of any loans borrowed from organisations or Institutions approved by the State Government:

(ii-b) The amount of any debentures issued by the licensee:]

[9][[10](iii) The amounts deposited in cash with the licensee by consumers by way of security; I

(iv) The amount standing to the credit of the Tariffs and Dividends Control Reserve

[8][at the beginning of the year of account];

[11][(v) The amount standing to the credit of the Development Reserve at the close of the year of account;]

(vi) The amount carried forward [8][at the beginning of the year of account] in the accounts of the licensee for distribution

to the consumers under para.II.]

(2) "Clear profit" means -The difference between the amount of income and the sum of expenditure plus specific appropriations, made up in each case as follows: -

(a) Income derived from-

(i) Gross receipts from sale of energy, less discounts applicable thereby;

(ii) Rental of meters and other apparatus hired to consumers;

(iii) Sale and repair of lamps and apparatus:

(iv) Rents, less outgoings not otherwise provided for;

(v) Transfer fees:

(vi) Investments fixed and call deposits and bank balances;

(vii) Other general receipts accountable in the assessment of Indian Income-Tax and arising from and ancillary or incidental to the business of Electricity supply, -

(b) [12][Expenditure properly incurred on]-

(i) Generation and purchase of energy:

(ii) Distribution and sale of energy;

(iii) Rents, rates and taxes, other than all taxes on income and profits;

(iv) Interest on loans advanced by the Board [13][***];

[14][(iv-a) Interest on loans borrowed from organisations or institutions approved by the State Government;

(iv-b) Interest on debentures issued by the licensee;

(v) Interest on security deposits;

(vi) Legal charges;

(vii) Bad debts;

(viii) Auditor's fees;

(ix) Management including managing agent's remuneration as provided for in para. XIII;

(x) Depreciation, computed as [15][hereinbefore] set out;

(xi) Other expenses [16][(excluding interest on

debentures and loans)], admissible under the law for the time being in force in the assessment of Indian Income-tax and arising from and ancillary or incidental to the business of electricity supply;

17[(xii) Contributions to provident fund, staff pension and gratuity computed under any law for the time being in force or any such scheme as is approved by the State Government;

(xii-a) Expenses on apprentice and other training schemes;]

18[(xiii) Bonus paid to the employees of the undertaking-

(a) Where any dispute regarding such bonus has been referred to any Tribunal or other authority under any law for the time being in force

relating to industrial or labour disputes, in accordance with the decision of such Tribunal or authority;

(b) In any other case, with the approval of the State Government;]

(c) Special appropriations sufficient to cover-

(i) Previous losses (that is to say excess of expenditure over income) which have arisen from the business of electricity supply to the extent in any year 19[permitted by the State Government];

(ii) All taxes on income and profits;

(iii) Instalments of written-down amounts in respect of intangible assets and new capital issue expenses to the extent in any year actually appropriated for the purpose in the books of the undertaking:

provided that the amounts so appropriated shall not exceed the amount found by dividing the written-down cost of such assets by the number of complete years remaining before the next option of purchase under the licence arises;

(iv) Contributions to the Contingency Reserve, computed as 15[herein before] set out;

(v) Contributions towards arrears of depreciation;

19[(v-a) Contributions to the Development Reserve referred to in para. V-A;]

[20](v-b) Debt redemption obligation of the private licensees which may be done on a year to year basis, taking into account the requirements of debt redemption and resource generation through depreciation, retained surplus;]:

(vi) Other special appropriations permitted by the State Government.

(3) "Debenture capital" means-Capital raised against debentures or other instruments creating a charge or lien on the assets of the undertaking.

(4) "Intangible assets" means-

Underwriter's commission and such preliminary and promotional expenditure shown as a debit in the capital account of the undertaking, as has fairly arisen in promoting the business of electricity supply excluding any amount paid on account of goodwill.

(5) "Ordinary capital" means-

In the case of a company, the amount of ordinary capital paid up and attributable to the undertaking of the licensee;

In other cases the net amount standing to the credit of the proprietor or proprietors' account or accounts whether in capital personal or any other account howsoever called and properly attributable to the business of electricity supply.

(6) "Original cost" means in respect of any asset the sum of--

(a) The cost of the asset to the licensee, including the cost of delivery and all charges properly incurred in erecting and bringing the asset into beneficial use;

[21][(b) Interest charges on capital expenditure incurred, during the period between the date of the grant of the licence and the date when the undertaking commences supply, from borrowed money and properly attributable to the assets as actually accrued up to the date of such supply as well as interest incurred on outlays for subsequent expansions;]

(c) A proper addition on account of supervision not exceeding fifteen per centum of the cost referred to in sub-paragraph (a), so however that the original cost of any asset shall not in any case exceed the original cost attributed thereto in the books of the undertaking.

(7) "Preference (capital" means-

The amount of paid-up capital attributable to the undertaking of the licensee, issued on such preferred term as are sufficient to qualify it for such description.

[22][ * * * * * * ]

(9) "Reasonable return" means--

In respect of any year of account, the sum of the following: -

(a) The amount found by applying the standard rate to the capital base at the end of that year;

[23][(b) The income derived from investments other than those included in the capital base under provisions of Cl. (d) of sub-paragraph (1);]

(c) And amount equal to one-half of one per centum on any loans advanced by the Board [24][* * *);

[25][(C-1) An amount equal to one-half of one per centum on the amounts borrowed from organisations or institutions approved by the State Government;

(C-2) An amount equal to one-half of one per centum on the amounts realised by the issue of debentures;]

[26][(d) An amount equal to one-half of one per centum on the accumulations in the Development Reserve created under para. V-A of this Schedule; I

[27][(e) Such other amount as may be allowed by the Central Government, having regard to the prevailing tax structure in the country.]

[28][(10) "Standard rate" in respect of any year of account means-

(a) In relation to that part of the capital base for that year of account which is equivalent to the capital base as on the 31st day of March, 1955, seven per centum per annum;

(b) In relation to the remaining [29][capital base for that year, the Reserve Bank rate ruling at the beginning of that year plus-

(i) Two per centum for investments made up to the date of the commencement of The Electricity Laws (Amendment) Act, 1991; and

(ii) Five per centum for investments made thereafter:

Provided that the Central Government may, by notification in the Official Gazette, and with effect from such date as may be specified therein, increase or decrease the standard rate specified in Cl. (b), if, after consultation with the Authority, that Government considers it necessary so to do to ensure that any rise or fall in the Reserve Bank rate does not affect the reasonable return in any subsequent year of account in relation to that part of the capital base which is equivalent to the capital base as computed on the last date of the previous year of account;]

(11) "Written-down cost" means-

Original cost less the amounts set aside or written-off on account of original in the books of the undertaking.

**1. Subs. by Act 101 of 1956, Sec. 27, ibid. for Cl. (a) (w.e.f. lst April, 1957).**

**2. Ins. by Act 30 1966, Sec. 21 (w.e.f. I st April, 1966).**

**3. Subs. by Act 101 of 1956, Sec. 27, for Cl. (d) (w.e.f. Ist April, 1957).**

**4 Subs. by Act 30 of 1966, Sec, 21. for the words "cash and bank balances" (w.e.f, 1st April, 1966).**

**5. Subs. by Sec. 21, ibid. for the words brackets, figures "Cls. (i), (iv) arid**

**6. (x)" (w.e.f. 1st April, 1966).**
**The word "and" omitted by Act 101 of 1956, See, 27, (w.e.f. 1st. April, 1957).**

**7. The words "under the provisions of sub-paragraph (2) of**

**8. para.1 of the First Schedule" omitted by Sec. 27 ibid. (w.e.f. 1st.April,**

**9. 1957).**

**10. His. by Act 30 of 1966. See. 21 (w.e.f. 1st.April, 1966).**

**11. Ins. by Act 10 1 of 1956, Sec. 27 (w.e.f. 1st.April, 1966).**
**Subs. by Act 30 of 1966, Sec. 21, for sub-clause (iii) (w.e.f. 1st. April, 1966).**
**Subs. by Sec. 21, ibid. for sub-clause (v) (w.e.f. 1st. April, 1966).**

**12. Subs. by Act 101 of 1956, Sec. 27, for the words "expenditure incurred**

**13. on" (w.e.f 1st. April, 1957).**
**The words "under sub-paragraph (2) of para. .1 of the First Schedule" omitted by Act 101 of 1956, Sec. 27 (w.e.f. 1st April, 1957),**

**14. Ins. by Act 30 of 1966, Sec. 21 (w.e.f. 1st April, 1966).**

**15. Subs. by Act 101 of 1956, 27, for the words "hereinafter" (w.e.f. 1st April, 1957).**

**16. Ins. by ibid. Sec. 27 (w.e.f. lst. April, 1966).**

**17. Subs. by Act 30 of 1966, Sec. 2 1, for sub-clause (xii), (w.e.f. 1st April, 1966).**

**18. Subs. by Act 101 of 1956, Sec. 27, for the words "actually appropriated for the purpose in the books of the undertaking" (w.e.f. 1st April, 1957).**

**19. Ins. by Sec. 27, ibid. (w.e.f. Ist April, 1957).**

**20. Ins, by Act 50 of 1991, Sec. 14 (w.e.f. 15th October, 199 1). 21.**
**Subs. by ibid., for Cl. (b) (w.e.f. 15th October, 1991).**

**22. Clause (8) omitted by Act 23 of 1978, Sec. 23 (w.e.f. 3rd June, 1978).**

**23,Subs. by Act 1 0 1 of 1956, Sec. 27, for Cl. (b) (w.e.f. 1st April, 1957).**

**24. The words "under sub-paragraph (2) of para. I of the First Schedule" omitted by Act I01 of 1956, Sec. 27, (w.e.f. lst. April, 1957).**

**25. Ins. by Act 30 of 1966. Sec. 21 (w.e.f. I st April, 1966).**

**26. Ins. by Act 101 of 1956, Sec. 27 (w.e.f. 1st April. 1957).**

**27. Ins. by Act 30 of 1966, Sec. 21 (w.e.f. I st April, 1966).**

**28. Subs. by Act 30 of 1966, Sec. 2 1, for sub-paragraph (10) (w.e.f. 1st April, 1966).**

**29. Subs. by Act 50 of 1991, See. 14 (w.e.f. 15th October, 1991).**

**PAYMENTS OUT OF THE CONTINGENCIES RESERVE**. -Payments out of the Contingencies Reserve can be made only with the State Government's approval. It is particularly noteworthy t ny can make good from out of the

contingencies Reserve even a loss of profit arising out of strikes, accidents and other circumstances over which it has no control. There can be no doubt, in the circumstances, that the movies in the contingencies Reserve belong to the electricity company[1]

**1. Associated Power Co. Ltd. v. Commissioner of Income-tax, A.I.R.) 1996 S.C. 894 at p.900.**

## THE SEVENTH SCHEDULE

## OMITTED BY THE ELECTRICITY SUPPLY (AMENDMENT) ACT, 1978 (23 OF 1978), SEC. 24.

## THE EIGHTH SCHEDULE

## (SEE THE FIRST AND THIRD SCHEDULES)

## DETERMINATION OF COST OF PRODUCTION OF ELECTRICITY AT GENERATING STATIONS

1. For the purposes of the First and Third Schedules, the cost of production of electricity at a generating station shall be ascertained by calculating and taking into account the following costs, charges and allowances in respect of the year of account, namely:

(a) Sums expended for fuel, oil, water and stores consumed, for salaries and wages, and any contribution by the licensee for pensions provident fund, superannuation and insurance of [1][officers and other employees], for repairs and maintenance and for renewals not chargeable to capital account;

(b) Sums paid in respect of the station for insurance and as rents, rates and taxes [2] [(including all taxes payable on income and profits)];

(c) The proportion of management and general establishment charges properly attributable to the station;

(d) Any other expenses on revenue account properly attributable to the station;

(e) [3][Interest on the depreciated cost of the station shown in the books of the undertaking and properly attributable to the station (whether defrayed out of capital or revenue) and interest on working capital properly attributable to the station and the production of electricity therein]:

Provided that for the purpose of ascertaining the principal on which interest is payable within the meaning of this clause, there shall be left out of account any part of principal on which interest is payable out of capital;

(f) An allowance for depreciation of an amount determined in respect of the station in accordance with the provisions of para. VI of the Sixth Schedule.

II. [4][For the purposes of Cl. (e) of para. I-

(i) "Depreciated cost of the station" means original cost thereof as determined in accordance with the provisions of sub-paragraph (6) of para. XVII of the Sixth Schedule less the amount written off or set aside on account of depreciation on fixed assets and the amount written off in

respect of intangible assets thereof in the books of the undertaking before or after the commencement of this Act;

(ii) The rate of interest shall be,-]

(a) On such part of the principal on which interest is payable within the meaning of the said clause as has been advanced on loan by the Board under para. I of the First Schedule, the actual rate charged by the Board plus one-half of one per centum per annum on the loan in the year of account;

(b) On the balance of the said principal-

(i) Where the licensee owning the station is a local authority, the average rate payable in the year of account on the money raised by that authority for the purpose of the station;

(ii) In any other case, 5[the Reserve Bank rate ruling at the beginning of that year plus two per centum].

**1. Subs. by Act 23 of 1978, Sec. 25, for the words "officer and servants" (w.e.f. 3rd June, 1978).**

**2. Subs. by Act 101 of 1956, Sec. 29, for the words and brackets "(including super-tax payable by the licensee as company but excluding other taxes on profits)" (w.e.f. 1st April, 1957).**

**3. Subs. ibid. for certain words.**

**4. Subs. by Act 30 of 1966, Sec. 22, for certain words (w.e.f. 1st April, 1966).**

**5 . Subs. by Act 101 of 1956, Sec. 29, for the figures and words "5 per centum per annum (w.e.f. 1st April. 1957).**

# THE NINTH SCHEDULE
## (SEE THE FIRST SCHEDULE)
## ALLOCATION OF COSTS OF PRODUCTION AT GENERATING STATIONS

1. For the purposes of this Schedule, -

(a) The average load factor of a station shall be expressed as a percentage, and shall be ascertained by multiplying the number of kilowatt-hours supplied from the station during the year of account by 100, and dividing the product so obtained by the product of the average monthly maximum demand multiplied by the number of hours during which the station was in commission in the year of account;

(b) The average of monthly maximum demand shall be the arithmetical average of the monthly maximum demands on the station in those calendar months during which the station was in commission in the year of account;

(c) A station shall be deemed to be in commission when the whole or any portion of the plant in the station is generating electricity or is in readiness to generate electricity upon demand;

(d) "Cost of fuel" means the sums expended for fuel consumed plus the cost of any transport, handling, preparation or treatment incurred in connection with the delivery of fuel to the boiler hoppers, furnaces or engines and in connection with the disposal of the products or residues of combustions, plus the proportion of salaries and wages and any contributions made by the owner of the station for pensions, provident fund, superannuation and insurance of officers and servants properly attributable to such delivery or disposal, less any sums received from the sale of any products or residues of combustion;

(e) "Cost of oil, water and stores" means the sums expended for oil, water and stores consumed;

(f) "Cost of repairs, maintenance and renewals" means the sums expended for repairs and maintenance and for renewals not chargeable to capital account, together with the proportion of salaries and wages and any contributions made by the owner of the station for pensions, provident fund, superannuation and insurance of [1] [officers and other employees] properly attributable to repairs, maintenance and renewals;

(g) "Salaries and wages" means the sums expended for salaries and wages and any contributions made by the owner of the station for pension, provident fund, superannuation and insurance of officers and servants, less the proportion of such sums properly attributable to the cost of fuel under Cl. (d) and to the cost of repairs, maintenance and under Cl. (f).

II. Of the cost of production of electricity at a generating station ascertained in accordance with the Eighth Schedule, the following costs, charges and allowances in respect of the year of account shall be allocated as "fixed costs", namely:

(a) Of the costs, charges and allowances set out in Cl. (a) of para. I of the said Schedule, portions calculated from the appropriate formula set out In para. III;

(b) The whole of the costs, charges and allowances set out in the remaining clauses of para. I of the said Schedule.

III. The portion of the following costs, charges and allowances to be allocated, as fixed costs shall be ascertained from the formula hereinafter set out against each, namely:-

| | | |
|---|---|---|
| (a) Cost of fuel | 100 | 100 + 12.8 L |
| (b) Cost of oil, Water and stores | 100 | 100 + 9.66 L |
| (c) Salaries and wages | 100 | 100+0.38L |
| (d) Cost of repairs, maintenance and renewals | 100 | 100+0.0001 NL |

Where-

[2][ L = the percentage average load factor of the station;]

N = the number of hours during which the station was in commission in the year of account.

IV. The amount of the difference between the costs of production at a generating station ascertained in accordance With the Eighth Schedule and the fixed costs in respect of the year of account determined in accordance With this Schedule shall be allocated as “running costs”.

V. V.The foregoing provisions of this Schedule shall not apply in any case where it is agreed between the Board and the owner of the station that the circumstances or conditions of operation in the station, whether temporary or continuing, are such that the said provisions ought not reasonably to be applied; and in such case the' allocation between fixed costs and running costs shall be made in such manner as the Board and the said owner may agree.

**1. Subs. by Act 23 of 1978, Sec. 25, for the words “officers and servants” (w.e.f. 3rd June, 1978).**

**2 . Subs. by Act 30 of 1966, Sec. 23, for the words, “L = the average load factor of the station” (w.e.f. 1st April. 1966).**