

# 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.O. 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.

## CHAPTER I

### INTRODUCTORY

#### 1. SHORT TITLE, EXTENT AND COMMENCEMENT. –

(1) 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.<sup>4</sup>

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) “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 (1 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, 1910 (9 of 1910) 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 kilovolt-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;

(l) 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" in seams regulations made by the Board under Sec. 79;

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

10[(11-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 last 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 August 1998.

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

9. Subs. by 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 Chapter V;

(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 recommendation to that 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 regulation 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 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 notification in the Official Gazette, a State Electricity Board under 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.O. 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.<sup>1</sup>

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”.<sup>1</sup>

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 (l) for the words "State Governments" substitute the word "Government".<sup>1</sup>

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"<sup>1</sup>

1. Vide Knt. Act No. 46 of 1986, Sec. 2.

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

(1) 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 if 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 the 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) If 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.O. 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) Design, construction, operation and maintenance of generating stations:

(b) Transmission and supply of electricity;

(c) Applied economics;

(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. –



(1) 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 than 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. 61.]

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