

**Bill No. 86 of 2014**

THE ELECTRICITY (AMENDMENT) BILL, 2014

By

SHRI RAJIV PRATAP RUDY, M.P.

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*further to amend the Electricity Act, 2003.*

BE it enacted by Parliament in the Sixty-fifth Year of the Republic of India as follows:—

1. (1) This Act may be called the Electricity (Amendment) Act, 2014.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

36 of 2003. 5

2. For section 4 of the Electricity Act, 2003 (hereinafter referred to as the principal Act), the following section shall be substituted, namely:—

Substitution of new section for section 4.

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"4. (1) The Central Government shall, after consultation with the State Governments, prepare and notify a national policy, permitting stand alone systems (including those based on renewable sources of energy and other non-conventional sources of energy) for rural areas within six months from the date of coming into force of this Act.

National Policy on stand alone systems for rural areas and non-conventional energy systems.

**(2) The Central Government and the concerned State Governments shall jointly create necessary infrastructure in rural areas to harness solar power and other forms of renewable energy to ensure access to electricity to every rural household by the year 2020."**

Amendment of section 6. **3.** In section 6 of the principal Act, for the words "electrification of households" the words "electrification of households by the year 2020" shall be substituted. 5

Insertion of new section 6A. **4.** After section 6 of the principal Act, the following section shall be inserted, namely:—

National policy on promotion of use of renewable sources of energy. **"6A. (1) The Central Government shall, in consultation with the State Governments, as soon as possible but not later than six months from the date of coming into force of this Act, prepare and notify a national policy aimed at encouraging the use of renewable sources of energy to ensure electrification in rural and urban areas.** 10

**(2) The Central Government shall, by notification in the Official Gazette, constitute a Fund to—**

**(i) ensure availability of financial resources for the promotion and use of renewable sources of energy;** 15

**(ii) promote research and innovation in the use of renewable sources of energy;**

**(iii) provide incentives like subsidies or financial assistance to persons who opt for use of non-renewable energy; and** 20

**(iv) provide incentives for setting up of small scale industry based on solar energy.**

**(3) The Central Government shall, in consultation with the State Governments and the Appropriate Commission, set the target to be achieved by the States regarding use of renewable sources of energy in generation of electricity."** 25

## STATEMENT OF OBJECTS AND REASONS

The Electricity Act, 2003, seeks to provide, *inter alia*, for generation, transmission, distribution, trading and use of electricity to all areas. The Act was further amended in 2007 to give effect to certain changes that were considered necessary.

As per census 2011 figures, close to 45 per cent. of rural India lack access to electricity. Hence, it becomes essential to formulate a time bound dynamic national policy permitting stand along systems for the use of renewable sources of energy.

The census further indicates that 43 per cent. of India's rural households continue to depend on kerosene for lighting. The usage of kerosene for domestic heating and lighting leads to respiratory diseases and impaired eyesight. Therefore, in order to harness a clean, cost-effective and safe source of energy, necessary programmes are required to be framed and implemented in rural areas by the State Governments concerned.

Section 6 of the parent Act provides that the concerned State Governments and the Central Government shall jointly endeavour to provide access to electricity to all areas including villages and hamlets through rural electricity infrastructure and electrification of households. However, more than 33 per cent. of Indian households are still have no access to electricity. Moreover, even in cities, households suffer on account of shortage of power. Therefore, a time-frame to ensure that 400 million people get access to electricity and the mechanism adopted by the Central and the State Governments to resolve these issues is vital.

India is already the fourth largest energy consumer in the world. The Indian economy is fast growing. But, millions of households in the country still lack sufficient energy access. Increasing dependence on oil imports for meeting the country's rising energy needs is becoming a major concern for India's energy security. In light of the above factors, equal stress needs to be put on utilization of the renewable energy sources for generating power in the country. This requires substantial amount of scaling up of renewable energy systems, in addition to conventional systems to cater to needs of different economic and social segments.

Hence this Bill.

NEW DELHI;  
June 30, 2014.

RAJIV PRATAPRUDY

## FINANCIAL MEMORANDUM

Clause 2 of the Bill provides for creation of necessary infrastructure to harness solar power and other sources of renewable energy to ensure electrification to rural households by the year 2020. Clause 4 provides for preparation of a national policy aimed at encouraging the use of renewable sources of energy to ensure electrification in rural and urban areas and constitution of a Fund in this regard.

The Bill, therefore, if enacted, would involve expenditure from the Consolidated Fund of India. It is likely to involve a recurring expenditure of about rupees ten thousand crore per annum.

A non-recurring expenditure of about rupees two thousand crore is also likely to be involved.

*ANNEXURE*

EXTRACT FROM THE ELECTRICITY ACT, 2003

(36 OF 2003)

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<b>4.</b> The Central Government shall, after consultation with the State Governments, prepare and notify a national policy, permitting stand alone systems (including those based on renewable sources of energy and non-conventional sources of energy) for rural areas.					National policy on stand alone systems for rural areas and non-conventional energy systems.
*	*	*	*	*	*
<b>6.</b> The concerned State Government and the Central Government shall jointly endeavour to provide access to electricity to all areas including villages and hamlets through rural electricity infrastructure and electrification of households.					Joint responsibility of State Government and Central Government in rural electrification.
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further to amend the Electricity Act, 2003.

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*(Shri Rajiv Pratap Rudy, M.P.)*