



Power Sector in The Pre Independent India: The Indian Electricity Act, 1910

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ABSTRACT

Electricity sector occupies one of the most important element in development of a country. Electricity supply in India started in 1897 from a small hydro electric plant setup in Darjeeling. Since then the sector has grown enormously with more than 250000 MW installed capacity by the end of 2015 in India. This growth was facilitated by various electricity and related Acts enacted by the various governments. The prominent ones include The Indian Electricity Act, 1910, Electricity (Supply) Act 1948 (first electricity Act enacted in the post independent India), and Electricity Act 2003. These Acts also facilitated establishment of various agencies, departments for generation, transmission and distribution. The paper will look into the Indian Electricity Act, 1910 which was enacted during British government in India and paved way for the establishment and growth of power sector in the pre independent India.

KEYWORDS : Electricity Act, 1910, Hydro electric projects, Calcutta Electricity Supply Corporation, Indian Industrial Commission

Energy is a vital instrumental output for sustained economic development. It sets for the basic foundation for the economic development of a country. The stage of economic development attained by the country can be identified by its pattern of generation and consumption of energy. There is close correlation between the per capita GNP of a country and the per capita energy it consumes (Sinha, C. and Singh, J.K, 1983:11). In modern era two critical reasons attributed to poverty and backwardness are low level of energy use and inefficiency in the energy use (Das, 1981:4).

These two factors are largely responsible for resulting in low productivity leading to low income and pervasive poverty. If the rural economic growth has to be accelerated, if the industrial output has to be improved, if the living standard and quality of life of population is to be improved, the increase in the level of energy consumption and efficiency in the energy use system is an imperative need. Electricity is the main component of energy. It is generated through the main sources that energy comes from. The main sources are coal and gas which is called the thermal based electricity, water resources which is called hydro based electricity and electricity generation through nuclear fusion and fission is called nuclear energy. These are the conventional sources of electricity generation. The non-conventional electricity generation comes through solar and wind. Different countries produce electricity based on the sources that they possess. In India the main sources of electricity generation are thermal, hydro and nuclear.

The supply of electricity on a commercial basis first began in India in Darjeeling in 1897 from a hydroelectric plant. Two years later, the first urban electrification started with the establishment of Calcutta Electricity Supply Corporation with the thermal power plant (Kannan and Pillai, 2002:298). Recognising that electricity was the most convenient form of energy and an essential prerequisite for industrial development, the Indian Industrial Commission, which reviewed the industrial development of the country from 1916-1918, stressed the importance of power development in the country and emphasized the need for a detailed hydroelectric survey to enable systematic development of water power resources. Responding to these recommendations, the central government instituted a survey of hydro-development potential. A preliminary assessment of water and power resources was made in annual reports during 1919 to 1921. The work that was started could not be continued due to constitutional changes, under which the development of electricity was left entirely to the private suppliers under the regulation of provincial governments (Chong, 2004:79).

Several provincial governments took interest in the development of water resources and entered the field by taking up a number of hydroelectric projects (Hans, 1986:55). The period between 1914 to 1935 witnessed the development of the Pykara, Mettur and Papanasanam hydroelectric projects in Madras (now Tamil Nadu); the Uhl river project in Punjab; the chain of power stations along the Ganga Canal in

the United Provinces (now Uttar Pradesh); the Pallivasal Project in Travancore (now Kerala); and the expansion of the Sivasamudram Project in Mysore (now in Karnataka) (Ibid:56). In these states, grid systems began to emerge, as electricity from the hydroelectric projects was carried to distant load centers (Ibid). The Tatas, who first set up a 50 megawatt (mw) hydroelectric plant at Kopoli to provide power to the Bombay region (Ibid). These companies were regulated by Indian Electricity Act of 1910 enacted by British India Government. This act allowed the generation of electricity by private as well as public sector companies (World Bank, 1993). At the time of independence in 1947, private companies amounting about 4/5th of total generation capacity dominated Indian power sector scenario (Ibid).

The Indian Electricity Act, 1910

The Indian Electricity Act of 1910 regulates licensees their area of operation, transmission business and issue or revoke the licenses when the government finds they are operating in not accordance with the government procedures. The important features of the act are (Office of the Labour Commissioner) :

Revocation or amendment of licenses: The State Government may, if in its opinion the public interest so requires [and after consulting the State Electricity Board], revoke a license in any of the following cases, namely:

where the licensee, in the opinion of the State Government, makes willful and unreasonably prolonged default in doing anything required of him by or under this Act;

where the licensee breaks any of the terms or conditions of his license the breach of which is expressly declared by such license to render it liable to revocation;

(iii) where the licensee fails, within the period fixed in this behalf by his license or any longer period which the State Government may substitute therefore by order under section 4A, sub-section (1), and before exercising any of the powers conferred on him thereby in relation to the execution of works, to show, to the satisfaction of the State Government, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his license, or to make the deposit or furnish the security required by his license;

(iv) where in the opinion of the State Government the financial position of the licensee is such that he is unable and efficiently to discharge the duties and obligations imposed on him by his license;

(v) where a licensee, in the opinion of the State Government, has made default in complying with any direction issued under section 22A.

(vi) where in its opinion the public interest so permits, the State Gov-

ernment may, on the application or with the consent of the licensee, and after consulting the State Electricity Board, and the Central Government where that Government is interested, and if the licensee is not a local authority, after consulting also the local authority, if any, concerned, revoke a license as to the whole or any part of the area of supply upon such terms and conditions as it thinks fit.

(vii) no license shall be revoked under sub-section (1) unless the State Government has given to the licensee not less than three months' notice, in writing stating the grounds on which it is proposed to revoke the license and has considered any cause shown by the licensee within the period of that notice, against the proposed revocation.

(viii) where the State Government might under sub-section (1) revoke a license it may instead of revoking the license permit it to remain in force subject to such further terms and conditions as it thinks fit to impose and any further terms or conditions so imposed shall be binding upon, and be observed by, the licensee, and shall be of like force and effect as if they were contained in the license.

Obligation on licensee to supply energy: Where energy is supplied by a licensee, every person within the area of supply shall, except in so far as is otherwise provided by the terms and conditions of the license, be entitled, on application, to a supply on the same terms as those on which any other person in the same area is entitled in similar circumstances to a corresponding supply. Provided that no person shall be entitled to demand, or to continue to receive, from a licensee a supply of energy for any premises having a separate supply unless he has agreed with the licensee to pay to him such minimum annual sum as will give him a reasonable return on the capital expenditure, and will cover other standing charges incurred by him in order to meet the possible maximum demand for those premises, the sum payable to be determined in case of difference or dispute by arbitration.

However, in keeping with the perceptions of the times, this act made no attempt of tariff setting. It only said that tariff must be non discriminatory and allow a reasonable return to the licensee. It incorporated provisions for the issue of licenses, regulatory and safety aspects, rules for non licensees, guidelines for electrical works, guidelines for determination of purchase price and charges.

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