

THE ELECTRICITY ACT, 2003

[Act 36 of 2003, dt. 26-5-2003]

*[As amended by the Jan Vishwas (Amendment of Provisions) Act, 2026
(No. 8 of 2026) dt. 7-4-2026, w.e.f. 1-6-2026]*

An Act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Fifty-fourth Year of the Republic of India as follows:—

PART I PRELIMINARY

1. Short title, extent and commencement

(1) This Act may be called the Electricity Act, 2003.

(2) It extends to the whole of India ¹[xxx].

(3) It shall come into force on such date² as the Central Government may, by notification, appoint:

PROVIDED that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. Definitions

In this Act, unless the context otherwise requires,—

(1) "Appellate Tribunal" means the Appellate Tribunal for Electricity established under section 110;

(2) "appointed date" means such date as the Central Government may, by notification, appoint;

(3) "area of supply" means the area within which a distribution licensee is authorised by his licence to supply electricity;

(4) "Appropriate Commission" means the Central Regulatory Commission referred to in sub-section (1) of section 76 or the State Regulatory Commission referred to in section 82 or the Joint Commission referred to in section 83, as the case may be;

(5) "Appropriate Government" means,—

(a) the Central Government,—

(i) in respect of a generating company wholly or partly owned by it;

1 Words "except the State of Jammu and Kashmir" omitted by the Jammu and Kashmir Reorganisation Act, 2019 (34 of 2019), dt. 9-8-2019, w.e.f. 31-10-2019 vide SO 2889(E), dt. 9-8-2019.

2 Sections 1 to 120 and 122 to 185 are enforced w.e.f. 10-6-2003 vide Noti. S.O. No. 669(E), dt. 10-6-2003.

- (ii) in relation to any inter-State generation, transmission, trading or supply of electricity and with respect to any mines, oil-fields, railways, national highways, airports, telegraphs, broadcasting stations and any works of defence, dockyard, nuclear power installations;
- (iii) in respect of the National Load Despatch Centre and Regional Load Despatch Centre;
- (iv) in relation to any works or electric installation belonging to it or under its control;
- (b) in any other case, the State Government having jurisdiction under this Act;
- (6) "Authority" means the Central Electricity Authority referred to in sub-section (1) of section 70;
- (7) "Board" means a State Electricity Board, constituted before the commencement of this Act, under sub-section (1) of section 5 of the Electricity (Supply) Act, 1948 (54 of 1948);
- (8) "Captive generating plant" means a power plant set up by any person to generate electricity primarily for his own use and includes a power plant set up by any co-operative society or association of persons for generating electricity primarily for use of members of such co-operative society or association;
- (9) "Central Commission" means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76;
- (10) "Central Transmission Utility" means any Government company which the Central Government may notify under sub-section (1) of section 38;
- (11) "Chairperson" means the Chairperson of the Authority or Appropriate Commission or the Appellate Tribunal, as the case may be;
- (12) "Cogeneration" means a process which simultaneously produces two or more forms of useful energy (including electricity);
- (13) "company" means a company formed and registered under the Companies Act, 1956 (1 of 1956)¹ and includes any body corporate under a Central, State or Provincial Act;
- (14) "conservation" means any reduction in consumption of electricity as a result of increase in the efficiency in supply and use of electricity;
- (15) "consumer" means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under this Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be;
- (16) "dedicated transmission lines" means any electric supply-line for point to point transmission which are required for the purpose of connecting electric lines or electric plants of a captive generating plant referred to in section 9 or generating station referred to in section 10 to any transmission lines or sub-stations or generating stations, or the load centre, as the case may be;

¹ Now refer section 2(20) of the Companies Act, 2013 (18 of 2013).

- (17) "distribution licensee" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
- (18) "distributing main" means the portion of any main with which a service line is, or is intended to be, immediately connected;
- (19) "distribution system" means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;
- (20) "electric line" means any line which is used for carrying electricity for any purpose and includes—
 - (a) any support for any such line, that is to say, any structure, tower, pole or other thing in, on, by or from which any such line is, or may be, supported, carried or suspended; and
 - (b) any apparatus connected to any such line for the purpose of carrying electricity;
- (21) "Electrical Inspector" means a person appointed as such by the Appropriate Government under sub-section (1) of section 162 and also includes Chief Electrical Inspector;
- (22) "electrical plant" means any plant, equipment, apparatus or appliance or any part thereof used for, or connected with, the generation, transmission, distribution or supply of electricity but does not include—
 - (a) an electric line; or
 - (b) a meter used for ascertaining the quantity of electricity supplied to any premises; or
 - (c) an electrical equipment, apparatus or appliance under the control of a consumer;
- (23) "electricity" means electrical energy—
 - (a) generated, transmitted, supplied or traded for any purpose; or
 - (b) used for any purpose except the transmission of a message;
- (24) "Electricity Supply Code" means the Electricity Supply Code specified under section 50;
- (25) "electricity system" means a system under the control of a generating company or licensee, as the case may be, having one or more—
 - (a) generating stations; or
 - (b) transmission lines; or
 - (c) electric lines and sub-stations,and when used in the context of a State or the Union, the entire electricity system within the territories thereof;
- (26) "electricity trader" means a person who has been granted a licence to undertake trading in electricity under section 12;
- (27) "franchisee" means a person authorised by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply;

- (28) "generating company" means any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person, which owns or operates or maintains a generating station;
- (29) "generate" means to produce electricity from a generating station for the purpose of giving supply to any premises or enabling a supply to be so given;
- (30) "generating station" or "station", means any station for generating electricity, including any building and plant with step-up transformer, switch-gear, switch yard, 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 building 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-station;
- (31) "Government company" shall have the meaning assigned to it in section 617 of the Companies Act, 1956 (1 of 1956)¹;
- (32) "grid" means the high voltage backbone system of inter-connected transmission lines, sub-station and generating plants;
- (33) "Grid Code" means the Grid Code specified by the Central Commission under clause (h) of sub-section (1) of section 79;
- (34) "Grid Standards" means the Grid Standards specified under clause (d) of section 73 by the Authority;
- (35) "high voltage line" means an electric line or cable of a nominal voltage as may be specified by the Authority from time-to-time;
- (36) "inter-State transmission system" includes—
 - (i) any system for the conveyance of electricity by means of main transmission line from the territory of one State to another State;
 - (ii) the conveyance of electricity across the territory of an intervening State as well as conveyance within the State which is incidental to such inter-State transmission of electricity;
 - (iii) the transmission of electricity within the territory of a State on a system built, owned, operated, maintained or controlled by a Central Transmission Utility;
- (37) "intra-State transmission system" means any system for transmission of electricity other than an inter-State transmission system;
- (38) "licence" means a licence granted under section 14;
- (39) "licensee" means a person who has been granted a licence under section 14;
- (40) "line" means any wire, cable, tube, pipe, insulator, conductor or other similar thing (including its casing or coating) which is designed or adapted for use in carrying electricity and includes any line which surrounds or supports, or is surrounded or supported by or is installed in close proximity to, or is supported, carried or suspended in association with, any such line;
- (41) "local authority" means any Nagar Panchayat, Municipal Council, Municipal Corporation, Panchayat constituted at the village, intermediate and district levels, body of port commissioners or other authority legally

¹ Now refer section 2(45) of the Companies Act, 2013 (18 of 2013).

- entitled to, or entrusted by the Union or any State Government with, the control or management of any area or local fund;
- (42) "main" means any electric supply-line through which electricity is, or is intended to be, supplied;
- (43) "Member" means the Member of the Appropriate Commission or Authority or Joint Commission, or the Appellate Tribunal, as the case may be, and includes the Chairperson of such Commission or Authority or Appellate Tribunal;
- (44) "National Electricity Plan" means the National Electricity Plan notified under sub-section (4) of section 3;
- (45) "National Load Despatch Centre" means the Centre established under sub-section (1) of section 26;
- (46) "notification" means notification published in the Official Gazette and the expression "notify" shall be construed accordingly;
- (47) "open access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the Appropriate Commission;
- (48) "overhead line" means an electric line which is placed above the ground and in the open air but does not include live rails of a traction system;
- (49) "person" shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (50) "power system" means all aspects of generation, transmission, distribution and supply of electricity and includes one or more of the following, namely:—
- (a) generating stations;
 - (b) transmission or main transmission lines;
 - (c) sub-stations;
 - (d) tie-lines;
 - (e) load despatch activities;
 - (f) mains or distribution mains;
 - (g) electric supply-lines;
 - (h) overhead lines;
 - (i) service lines;
 - (j) works;
- (51) "premises" includes any land, building or structure;
- (53) "prescribed" means prescribed by rules made by the Appropriate Government under this Act;
- (53) "public lamp" means an electric lamp used for the lighting of any street;
- (54) "real time operation" means action to be taken at a given time at which information about the electricity system is made available to the concerned Load Despatch Centre;

- (55) "Regional Power Committee" means a committee established by resolution by the Central Government for a specified region for facilitating the integrated operation of the power systems in that region;
- (56) "Regional Load Despatch Centre" means the Centre established under sub-section (1) of section 27;
- (57) "regulations" means regulations made under this Act;
- (58) "repealed laws" means the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998 repealed by section 185;
- (59) "rules" means rules made under this Act;
- (60) "Schedule" means the Schedule to this Act;
- (61) "service-line" means any electric supply-line through which electricity is, or is intended to be, supplied—
 - (a) to a single consumer either from a distributing main or immediately from the Distribution Licensee's premises; or
 - (b) from a distributing main to a group of consumers on the same premises or on contiguous premises supplied from the same point of the distributing main;
- (62) "specified" means specified by regulations made by the Appropriate Commission or the Authority, as the case may be, under this Act;
- (63) "stand alone system" means the electricity system set-up to generate power and distribute electricity in a specified area without connection to the grid;
- (64) "State Commission" means the State Electricity Regulatory Commission constituted under sub-section (1) of section 82 and includes a Joint Commission constituted under sub-section (1) of section 83;
- (65) "State Grid Code" means the State Grid Code specified under clause (h) of sub-section (1) of section 86;
- (66) "State Load Despatch Centre" means the centre established under sub-section (1) of section 31;
- (67) "State Transmission Utility" means the Board or the Government company specified as such by the State Government under sub-section (1) of section 39;
- (68) "street" includes any way, road, lane, square, court, alley, passage or open space, whether a thoroughfare or not, over which the public have a right of way and also the roadway and footway over any public bridge or causeway;
- (69) "sub-station" means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switch-gears, capacitors, synchronous condensers, structures, cable and other appurtenant equipment and any buildings used for that purpose and the site thereof;
- (70) "supply", in relation to electricity, means the sale of electricity to a licensee or consumer;
- (71) "trading" means purchase of electricity for resale thereof and the expression "trade" shall be construed accordingly;
- (72) "transmission lines" means all high pressure cables and overhead lines (not being an essential part of the distribution system of a licensee) transmitting electricity from a generating station to another generating station or a

- sub-station, together with any step-up and step-down transformers, switch-gear and other works necessary to and used for the control of such cables or overhead lines, and such buildings or part thereof as may be required to accommodate such transformers, switch-gear and other works;
- (73) "transmission licensee" means a licensee authorised to establish or operate transmission lines;
- (74) "transmit" means conveyance of electricity by means of transmission lines and the expression "transmission" shall be construed accordingly;
- (75) "utility" means the electric lines or electrical plant, and includes all lands, buildings, works and materials attached thereto belonging to any person acting as a generating company or licensee under the provisions of this Act;
- (76) "wheeling" means the operation whereby the distribution system and associated facilities of a transmission licensee or distribution licensee, as the case may be, are used by another person for the conveyance of electricity on payment of charges to be determined under section 62;
- (77) "works" includes electric line, and any building, plant, machinery, apparatus and any other thing of whatever description required to transmit, distribute or supply electricity to the public and to carry into effect the objects of a licence or sanction granted under this Act or any other law for the time being in force.

Appellate Tribunal

Under section 110 of the Act, the Central Government is empowered to establish an Appellate Tribunal to hear appeals against orders of the adjudicating officer or the Appropriate Commission.

Appropriate Commission

Under section 76 of the Act, a Commission is to be constituted known as the Central Electricity Regulatory Commission to exercise the powers conferred on, and discharge the functions assigned to it under the Act. Section 82 provides for the constitution of a Commission for every State called the State Electricity Regulatory Commission. Under section 83, a Joint Commission may be constituted by agreement to be entered into by two or more State Governments or by the Central Government in respect of one or more Union Territories and one or more State Governments. All these Commissions are called "Appropriate Commission" for the purposes of the Act.

Appropriate Government

Section 2(a) of the Indian Electricity Act, 1910 defines "Appropriate Government" thus :

"Appropriate Government" means in relation to any works, electric installations belonging to, or under the control of the Central Government or in relation to any mines, oil-fields, railways, aerodromes, telegraphs, broadcasting stations and any works of defence, the Central Government, and in any other case, the State Government.

Authority

Section 70(1) of the Act provides for the constitution of a body called the Central Electricity Authority to exercise such functions and perform such duties as are assigned to it under the Act. Section 3 of the Electricity (Supply) Act, 1948 which also provided for the constitution of a Central Electricity Authority read :

"State Load Despatch Centre", in relation to a State, means the Centre so designated where the operation of the power system in that State and integration of such State Power system with other power system are coordinated;

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, formulated 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;
 - (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;
 - (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 or 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 person 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 matters 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 not more than fourteen members of whom not more than eight shall be full-time members appointed by the Central Government.
- (2A) 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 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.
- (4A) 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 meeting of the authority, as the Central Government may prescribe.
- (4B) 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 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 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 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.

(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 clause (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.

Board

Section 5 of the Electricity (Supply) Act, 1948 provides for the constitution and composition of State Electricity Boards which *inter alia* lays down:

"(1) The State Government shall, as soon as may be after the issue of the notification under sub-section (4) of section 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.

(3) *Omitted.*

(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 the financial matters in a public utility undertaking, preferably an electricity supply undertaking.

(5) One of the members possessing any of the qualifications specified in sub-section (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 a member of 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."

Central Commission

Under Section 3 of the Electricity Regulatory Commissions Act, 1998, a Central Commission is to be established and incorporated. The said section reads:

(1) The Central Government shall, within three months from the date of the commencement of this Act by notification in the Official Gazette, establish a body to be known as the Central Electricity Regulatory Commission to exercise the powers conferred on, and the functions assigned to, it under this Act.

(2) The Central Commission shall be a body corporate by the name aforesaid, having perpetual succession and a common seal with power to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

(3) The head office of the Central Commission shall be at such place as the Central Government may, by notification in the Official Gazette, specify.

(4) The Central Commission shall consist of the following Members, namely:—

- (a) a Chairperson and three other Members;
- (b) the Chairman of the Central Electricity Authority appointed under sub-section (3) of section 3 of the Electricity (Supply) Act, 1948 (54 of 1948) who shall be the Member, *ex officio*.

(5) The Chairperson and the other Members of the Central Commission shall be appointed by the Central Government on the recommendation of the Selection Committee referred to in section 5 :

PROVIDED that nothing contained in this sub-section shall apply to the appointment of a person as the Chairperson, where such person is or has been a Judge of the Supreme Court or the Chief Justice of a High Court.

This is in *pari materia* with the present provision in section 76(1) of the 2003 Act which says that there shall be a Commission to be known as the Central Electricity Regulatory Commission to exercise the powers conferred on, and discharge the functions assigned to it under the present Act.

Central Transmission Utility

Under section 27A of the Indian Electricity Act, 1910, the Central Government shall, by notification in the Official Gazette, specify any government company as the Central Transmission Utility.

The functions of the Central Transmission Utility shall be to,—

- (a) undertake transmission of energy through inter-State transmission system;
- (b) discharge all functions of planning and coordination relating to inter-State transmission system with,—
 - (i) State Transmission Utilities;
 - (ii) Central Government;
 - (iii) State Governments;
 - (iv) Generating companies;
 - (v) Regional Electricity Boards;
 - (vi) Authority;
 - (vii) Licensees;
 - (viii) Transmission licensees;
 - (ix) any other person notified by the Central Government in this behalf.

The Central Transmission Utility shall exercise supervision and control over the inter-State Transmission system.

Company

Section 3 of the Companies Act, 1956 reads:

"3. Definitions of "company", "existing company", "private company" and "public company"

(1) In this Act, unless the context otherwise requires, the expressions "company", "existing company", "private company" and "public company", shall, subject to the provisions of sub-section (2), have the meaning specified below :—

- (i) "company" means a company formed and registered under this Act or an existing company as defined in clause (ii);
- (ii) "existing company" means a company formed and registered under any of the previous companies laws specified below:—
 - (a) any Act or Acts relating to companies in force before the Indian Companies Act, 1866 (10 of 1866) and repealed by that Act;
 - (b) the Indian Companies Act, 1866 (10 of 1866);
 - (c) the Indian Companies Act, 1882 (6 of 1882);
 - (d) the Indian Companies Act, 1913 (7 of 1913);
 - (e) the Registration of Transferred Companies Ordinance, 1942 (54 of 1942); and
 - (f) any law corresponding to any of the Acts or the Ordinance aforesaid and in force—
 - (1) in the merged territories or in a Part B State (other than the State of Jammu and Kashmir), or any part thereof, before the extension thereto of the Indian Companies Act, 1913 (7 of 1913); or
 - (2) in the State of Jammu and Kashmir, or any part thereof, before the commencement of the Jammu and Kashmir (Extension of Laws) Act, 1956, insofar

as banking, insurance and financial corporations are concerned, and before the commencement of the Central Laws (Extension to Jammu & Kashmir) Act, 1968, insofar as other corporations are concerned; and

- (g) the Portuguese Commercial Code, insofar as it relates to "*sociedades anonimas*";
- (iii) "private company" means a company which has a minimum paid-up capital of one lakh rupees or such higher paid-up capital as may be prescribed, and by its articles,—
 - (a) restricts the right to transfer its shares, if any;
 - (b) limits the number of its members to fifty not including—
 - (i) persons who are in the employment of the company; and
 - (ii) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased; and
 - (c) prohibits any invitation to the public to subscribe for any shares in, or debentures of, the company;
 - (d) prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives:

PROVIDED that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this definition, be treated as a single member;

- (iv) "public company" means a company which—
 - (a) is not a private company;
 - (b) has a minimum paid-up capital of five lakh rupees or such higher paid-up capital, as may be prescribed;
 - (c) is a private company which is a subsidiary of a company which is not a private company.

(2) Unless the context otherwise requires, the following companies shall not be included within the scope of any of the expressions as defined in clauses (i) to (iv) of sub-section (1), and such companies shall be deemed, for the purposes of this Act, to have been formed and registered outside India—

- (a) a company the registered office whereof is in Burma, Aden or Pakistan and which immediately before the separation of that country from India was a company as defined in clause (i) of sub-section (1);
- (b) [Omitted by the J & K (Extension of Laws) Act, 1956]

(3) Every private company, existing on the commencement of the Companies (Amendment) Act, 2000, with a paid-up capital of less than one lakh rupees shall, within a period of two years from such commencement, enhance its paid-up capital to one lakh rupees.

(4) Every public company, existing on the commencement of the Companies (Amendment) Act, 2000, with a paid-up capital of less than five lakh rupees shall, within a period of two years from such commencement, enhance its paid-up capital to five lakh rupees.

(5) Where a private company or public company fails to enhance its paid-up capital in the manner specified in sub-section (3) or sub-section (4), such company shall be deemed to be a defunct company within the meaning of section 560 and its name shall be struck off from the register by the Registrar.

(6) A company registered under section 25 before or after the commencement of the Companies (Amendment) Act, 2000, shall not be required to have minimum paid-up capital specified in this section."

Consumer

Section 2(c) defines "consumer" to mean any person who is supplied with energy by a licensee or the government or by any other person engaged in the business of supplying energy to the public under the Indian Electricity Act, 1910 or any other law for the time being in force, and includes any person whose premises are for the time being connected for the purpose of receiving energy with the works of a licensee, the government or such other person, as the case may be.

Section 2(1)(d) of the Consumer Protection Act, 1986 defines "consumer" as under:—

- "(d) "consumer" means any person who—
- (i) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or
 - (ii) hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payments, when such services are availed of with the approval of the first-mentioned person but does not include a person who avails of such services for any commercial purpose.

Explanation : For the purposes of this clause, "commercial purpose" does not include use by a person of goods bought and used by him and services availed by him exclusively for the purpose of earning his livelihood, by means of self-employment."

Franchisee

"Franchisee" is a person or company that is granted franchise by the franchisor. Special privilege to do certain things conferred by government on individual or corporation, and which does not belong to citizens generally of common right; e.g., right granted to offer cable television service—*Artesian Water Co. v. State, Dept. of Highways and Transp., Del. Super., 330 A. 2nd 432, 439*. In England it is defined to be a royal privilege in the hands of a subject.

A privilege granted or sold, such as to use a name or to sell products or services. The right given by a manufacturer or supplier to a retailer to use his products and name on terms and conditions mutually agreed upon.

In its simplest terms, franchise is a license from owner of a trademark or trade name permitting another to sell a product or service under that name or mark. More broadly stated, "franchise" has evolved into an elaborate agreement under which the franchisee undertakes to conduct a business or sell a product or service in accordance with methods and procedures prescribed by the franchisor, and the franchisor undertakes to assist the franchisee through advertising, promotion and other advisory services—*H & R Block, Inc. v. Lovelace, 208 Kan. 538, 493 P. 2d 205, 211*. Term also refers to such business as owned by franchisee. State and Federal laws regulate business franchising.

Generating Company

"Generating company" means a company registered under the Companies Act, 1956 and which has among its objects the establishment, operation and maintenance of generating stations—*Vide section 2(4A) of the Electricity (Supply) Act, 1948*.

Generating Station

As defined by section 2(5) of the Electricity (Supply) Act, 1948, "generating station" or "station" means any station for generating electricity, including any building and plant (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 building 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-station.

Government Company

Section 617 of the Companies Act, 1956 defines "government company". According to the definition, a government company means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government company as thus defined.

Inter-State Transmission System

Section 2 (gb) of the Indian Electricity Act, 1910 defines "inter-State transmission system" to mean any system for the conveyance of energy by means of a main transmission line from the territory of one State to another State and includes,—

- (i) the conveyance of energy across the territory of an intervening State as well as conveyance within the State which is incidental to such inter-State transmission of energy;
- (ii) the transmission of energy within the territory of a State on a system built, owned, operated, maintained or controlled by a Central Transmission Utility or by any person under the supervision and control of a Central Transmission Utility.

Section 2(e) of the Electricity Regulating Commissions Act, 1998 defines the term as under:—

"inter-State transmission" includes—

- (i) the conveyance of energy by means of a main transmission line from the territory of one State to the territory of another State;
- (ii) the conveyance of energy across the territory of an intervening State as well as conveyance within the State which is incidental to such inter-State transmission of energy;
- (iii) the transmission of energy within the territory on a system built, owned, operated, maintained or controlled by a central transmission utility or by any person under the supervision and control of a central transmission utility;"

Intra-State Transmission System

Intra-State transmission system means any system for transmission of energy other than an inter-State transmission system [Sec. 2(gc), Indian Electricity Act, 1910].

Licensee

Section 2(f) of the Electricity Regulatory Commissions Act, 1998 defines "licensee" to mean a person licensed under Part II of the Indian Electricity Act, 1910 (9 of 1910) to supply energy or a person who has obtained sanction under section 28 of that Act to engage in the business of supplying energy (but does not include the Board or a generating company).

Main transmission lines

Section 2(7) of the Electricity (Supply) Act, 1948 says that "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-station, together with any step-up and step-down transformers, switch-gear and other works necessary to and used for the control of such cables or overhead lines, and such building or part thereof as may be required to accommodate such transformers, switchgear and other works and the operating staff thereof.

Under section 2(h)(i) of the Indian Electricity Act, 1910, "main" means any electric supply-line through which energy is, or is intended to be, supplied to the public.

Member

Section 2(g) of the Electricity Regulatory Commissions Act, 1998 defines "Member" to mean the Member of the Commission and includes the Chairperson but does not include a Member, *ex officio*.

Overhead line

"Overhead line" means an electric supply line which is placed above ground and in the open air but does not include live rails of traction system.

Power System

"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) tie-lines;
- (e) load despatch activities;
- (f) mains or distribution mains;
- (g) electric supply lines;
- (h) overhead lines;
- (i) service lines;
- (j) works;

—Vide section 2(8A) of Electricity (Supply) Act, 1948.

Public Lamp

Public lamp is an electric lamp used for the lighting of any street, as per section 2(k) of the Indian Electricity Act, 1910.

Regional Load Despatch Centre

Section 2(9B) of the Electricity (Supply) Act, 1948 defines "Regional Load Despatch Centre" to mean the Centre 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 co-ordinated.

Service Line

Section 2(l) of the Indian Electricity Act, 1910 defines "service line" as under : "service-line" means any electric supply-line through which energy is, or is intended to be, supplied—

- (i) to a single consumer either from a distributing main or immediately from the supplier's premises, or
- (ii) from a distributing main to a group of consumers on the same premises or on adjoining premises supplied from the same point of the distributing main.

State Commission

Under section 82 of the Act, a Commission to be known as the State Electricity Regulatory Commission is to be formed within six months of the appointed date and section 83 provides for the constitution of a Joint Commission by an agreement entered into by two or more State Governments or by the Central Government in respect of one or more Union Territories.

State Load Despatch Centre

Under section 2(9C) of the Electricity (Supply) Act, 1948, "State Load Despatch Centre", in relation to a State, means the Centre so designated where the operation of the power system in that State and integration of such State power system with other power system are coordinated.

State Transmission Utility

"Transmission utility" means any generating company, board, licensee or other person engaged in the transmission of energy. "Utility" in this context means any person or entity engaged in the generation, transmission, sale, distribution or supply, as the case may be, of energy.

Street

"Street" includes any way, road, lane, square, court alley, passage or open space, whether a thoroughfare or not, over which the public have a right to way, and also the roadway and footway over any public bridge or causeway—*Vide section 2(m) of Indian Electricity Act, 1910.*

Sub-station

"Sub-station" means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, convertors, 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-station—*Vide section 2(11A) of Electricity (Supply) Act, 1948.*

Transmission Lines

Under section 2(12) of the Electricity (Supply) Act, 1948, "transmission lines" means all works mentioned in sub-section (7) used wholly or partially for the purposes of distribution or transmission of energy.

Transmission Licensee

Transmission licensee is the person who holds a transmission licence.—*Vide Indian Electricity Act, 1910, section 2(mb).*

Transmit

"Transmit" means conveyance of energy by means of transmission lines and the expression "transmission" shall be construed accordingly—*Vide section 2 (mc), Indian Electricity Act, 1910.*

Utility

Section 2(l) of the Electricity Regulatory Commissions Act, 1998 says that "utility" means any person or entity engaged in the generation, transmission, sale, distribution or supply, as the case may be, of energy;

Works

Under section 2(u) of the Indian Electricity Act, 1910 "works" includes electric supply-line and any building, plant, machinery, apparatus and any other thing of whatever description required to supply energy to the public and to carry into effect the object of a licence or sanction granted under this Act or any other law for the time being in force.

PART II**NATIONAL ELECTRICITY POLICY AND PLAN****3. National Electricity Policy and Plan**

(1) The Central Government shall, from time-to-time, prepare the National Electricity Policy and Tariff Policy, in consultation with the State Governments and the Authority for development of the power system based on optimal utilisation of resources such as coal, natural gas, nuclear substances or materials, hydro and renewable sources of energy.

(2) The Central Government shall publish the National Electricity Policy and Tariff Policy from time-to-time.

(3) The Central Government may, from time-to-time, in consultation with the State Governments and the Authority, review or revise the National Electricity Policy and Tariff Policy referred to in sub-section (1).

(4) The Authority shall prepare a National Electricity Plan in accordance with the National Electricity Policy and notify such plan once in five years:

PROVIDED that the Authority while preparing the National Electricity Plan shall publish the draft National Electricity Plan and invite suggestions and objections thereon from licensees, generating companies and the public within such time as may be prescribed:

PROVIDED FURTHER that the Authority shall—

- (a) notify the plan after obtaining the approval of the Central Government;
- (b) revise the plan incorporating therein the directions, if any, given by the Central Government while granting approval under clause (a).

(5) The Authority may review or revise the National Electricity Plan in accordance with the National Electricity Policy.

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

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.

5. National policy on electrification and local distribution in rural areas

The Central Government shall also formulate a national policy, in consultation with the State Governments and the State Commissions, for rural electrification and for bulk purchase of power and management of local distribution in rural areas through Panchayat Institutions, users' associations, co-operative societies, non-governmental organisations or franchisees.

¹[6. Joint responsibility of State Government and Central Government in rural electrification

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.]

COMMENTS

Section 22 of the Indian Electricity Act, 1910 says that where the energy is supplied by a licensee, every person within the area of supply, shall, except insofar as is otherwise provided by the terms and conditions of the licence, 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.

Inasmuch as supply of electricity to a consumer involves incurring of overhead installation expenses by the Board which do not vary with the quantity of electricity consumed and the installation has to be continued irrespective of whether the energy is consumed or not until the agreement comes to an end—*Bihar State Electricity Board v. Green Rubber 1989 (4) JT 421*.

Industries consumer is entitled to avail remission in minimum guarantee charges on account of tripling load shedding, power cuts etc.—*Amalgamated Drug & Pharmaceuticals (P) Ltd. v. State AIR 1995 Pat 76*.

In cases where there Electricity Board is unable to supply electric energy to a consumer as per his demand on account of non-availability of the electric energy or consequent imposition of power cut, there should be reduction in the minimum charges in proportion to the power cut that has been imposed—*Man Industrial Corporation v. R.S.E.B. AIR 1986 (Raj.) 137*.

There is no authority for the proposition that minimum charges can only be levied under the proviso to s. 22— *Gulab Rai v. Municipal Corporation AIR 1990 Del 249*.

¹ Substituted by Electricity (Amdt.) Act, 2007 (26 of 2007), dt. 28-5-2007, w.e.f. 15-6-2007 vide SO 950(E), dt. 12-6-2007.

Where a case of violation of right under art. 14 of the Constitution is made out against the Board, there would be no impediment in granting relief under art. 226 of the Constitution—*D C M Ltd. v. Assistant Engineer AIR 1988 (Raj.) 64.*

Where the purchaser of an Industrial Unit wants to have new connection, he cannot be compelled to pay dues of previous owner for getting connection—*North East Fertilisers (P) Ltd. v. B.S.E.B. AIR 1995 Pat 33.*

Where the case is one of delayed payment, consumer is liable to pay interest at reasonable rate for the fact that electric energy falls within the term "goods"—*Mahavir Sugar Mills v. MSEB 1993 Mah LJ 544.*

In assessing damages on account of non-payment by the consumer, the provisions of s. 22 could be involved as it would provide adequate machinery for determining with the previous minimum annual sum which will give licensee a reasonable return on the capital expenditure and other charges—*Gulab Rai v. Municipal Corporation AIR 1990 (Del.) 249.*

PART III

GENERATION OF ELECTRICITY

7. **Generating company and requirement for setting up of generating station**

Any generating company may establish, operate and maintain a generating station without obtaining a licence under this Act if it complies with the technical standards relating to connectivity with the grid referred to in clause (b) of section 73.

8. **Hydro-electric generation**

(1) Notwithstanding anything contained in section 7, any generating company intending to set up a hydro-generating station shall prepare and submit to the Authority for its concurrence, a scheme estimated to involve a capital expenditure exceeding such sum, as may be fixed by the Central Government, from time-to-time, by notification.

(2) The Authority shall, before concurring in any scheme submitted to it under sub-section (1) have particular regard to, whether or not in its opinion,—

- (a) the purposed river-works will prejudice the prospects for the best ultimate development of the river or its tributaries for power generation, consistent with the requirements of drinking water, irrigation, navigation, flood-control, or other public purposes, and for this purpose the Authority 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 meets the norms regarding dam design and safety.

(3) Where a multi-purpose scheme for the development of any river in any region is in operation, the State Government and the generating company shall co-ordinate their activities with the activities of the persons responsible for such scheme insofar as they are inter-related.

9. **Captive generation**

(1) Notwithstanding anything contained in this Act, a person may construct, maintain or operate a captive generating plant and dedicated transmission lines:

PROVIDED that the supply of electricity from the captive generating plant through the grid shall be regulated in the same manner as the generating station of a generating company:

¹[PROVIDED FURTHER that no licence shall be required under this Act for supply of electricity generated from a captive generating plant to any licensee in accordance

¹ Inserted by Electricity (Amdt.) Act, 2007 (26 of 2007), dt. 28-5-2007, w.e.f. 15-6-2007 vide SO 950(E), dt. 12-6-2007.

with the provisions of this Act and the rules and regulations made thereunder and to any consumer subject to the regulations made under sub-section (2) of section 42.]

(2) Every person, who has constructed a captive generating plant and maintains and operates such plant, shall have the right to open access for the purposes of carrying electricity from his captive generating plant to the destination of his use:

PROVIDED that such open access shall be subject to availability of adequate transmission facility and such availability of transmission facility shall be determined by the Central Transmission Utility or the State Transmission Utility, as the case may be:

PROVIDED FURTHER that any dispute regarding the availability of transmission facility shall be adjudicated upon by the Appropriate Commission.

10. Duties of generating companies

(1) Subject to the provisions of this Act, the duties of generating company shall be to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made thereunder.

(2) A generating company may supply electricity to any licensee in accordance with this Act and the rules and regulations made thereunder and may, subject to the regulations made under sub-section (2) of section 42, supply electricity to any consumer.

(3) Every generating company shall—

- (a) submit technical details regarding its generating stations to the Appropriate Commission and the Authority;
- (b) co-ordinate with the Central Transmission Utility or the State Transmission Utility, as the case may be, for transmission of the electricity generated by it.

COMMENTS

Under section 18A of the Electricity (Supply) Act, 1948, dealing with the duties of generating company, a generating company shall be charged with the following duties, namely:—

- (a) to establish, operate and maintain such generating stations and tie-lines, sub-stations and main transmission lines connected therewith, as may be required to be established by the 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 govt. or govts. 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 section 21, detailed investigations and prepare schemes, in co-ordination with the Board or Boards, as the case may be, for establishing generating station and tie-lines, sub-stations and transmission lines connected therewith, in such manner as may be specified by the Authority.

Without prejudice to the generality of its duties under s. 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 the State.

11. Directions to generating companies

(1) The Appropriate Government may specify that a generating company shall, in extraordinary circumstances operate and maintain any generating station in accordance with the directions of that Government.

Explanation : For the purposes of this section, the expression "extraordinary circumstances" means circumstances arising out of threat to security of the State, public order or a natural calamity or such other circumstances arising in the public interest.

(2) The Appropriate Commission may offset the adverse financial impact of the directions referred to in sub-section (1) on any generating company in such manner as it considers appropriate.

PART IV **LICENSING**

12. Authorised persons to transmit, supply, etc., electricity

No person shall—

- (a) transmit electricity; or
- (b) distribute electricity; or
- (c) undertake trading in electricity,

unless he is authorised to do so by a licence issued under section 14, or is exempt under section 13.

13. Power to exempt

The Appropriate Commission may, on the recommendations, of the Appropriate Government, in accordance with the national policy formulated under section 5 and in the public interest, direct, by notification that subject to such conditions and restrictions, if any, and for such period or periods, as may be specified in the notification, the provisions of section 12 shall not apply to any local authority, Panchayat institution, users' association, co-operative societies, non-governmental organisations, or franchisees.

14. Grant of licence

The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person—

- (a) to transmit electricity as a transmission licensee; or
- (b) to distribute electricity as a distribution licensee:

¹[PROVIDED that the Developer of a Special Economic Zone notified under sub-section (1) of section 4 of the Special Economic Zones Act, 2005, shall be deemed to be a licensee for the purpose of this clause, with effect from the date of notification of such Special Economic Zone;]

- (c) to undertake trading in electricity as an electricity trader,

in any area as may be specified in the licence:

PROVIDED that any person engaged in the business of transmission or supply of electricity under the provisions of the repealed laws or any Act specified in the Schedule on or before the appointed date shall be deemed to be a licensee under this Act for such period as may be stipulated in the licence, clearance or approval granted to him under the repealed laws or such Act specified in the Schedule, and the provisions of the repealed laws or such Act specified in the Schedule in respect of such licence shall apply for a period of one year from the date of commencement of this Act or such earlier period as may be specified, at the request of the licensee, by the Appropriate Commission and thereafter the provisions of this Act shall apply to such business:

PROVIDED FURTHER that the Central Transmission Utility or the State Transmission Utility shall be deemed to be a transmission licensee under this Act:

PROVIDED ALSO that in case an Appropriate Government transmits electricity or distributes electricity or undertakes trading in electricity, whether before or after the

¹ Inserted vide Noti. No. SO 228(E), dt. 3-3-2010.

commencement of this Act, such Government shall be deemed to be a licensee under this Act, but shall not be required to obtain a licence under this Act:

PROVIDED ALSO that the Damodar Valley Corporation, established under sub-section (1) of section 3 of the Damodar Valley Corporation Act, 1948, shall be deemed to be a licensee under this Act but shall not be required to obtain a licence under this Act and the provisions of the Damodar Valley Corporation Act, 1948, insofar as they are not inconsistent with the provisions of this Act, shall continue to apply to that Corporation:

PROVIDED ALSO that the Government company or the company referred to in sub-section (2) of section 131 of this Act and the company or companies created in pursuance of the Acts specified in the Schedule, shall be deemed to be a licensee under this Act:

PROVIDED ALSO that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements ¹[(relating to the capital adequacy, credit-worthiness or code of conduct)] as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:

PROVIDED ALSO that in a case where a distribution licensee proposes to undertake distribution of electricity for a specified area within his area of supply through another person, that person shall not be required to obtain any separate licence from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply:

PROVIDED ALSO that where a person intends to generate and distribute electricity in a rural area to be notified by the State Government, such person shall not require any licence for such generation and distribution of electricity, but he shall comply with the measures which may be specified by the Authority under section 53:

PROVIDED ALSO that a distribution licensee shall not require a licence to undertake trading in electricity.

15. Procedure for grant of licence

(1) Every application under section 14 shall be made in such form and in such manner as may be specified by the Appropriate Commission and shall be accompanied by such fee as may be prescribed.

(2) Any person who has made an application for grant of a licence shall, within seven days after making such application, publish a notice of his application with such particulars and in such manner as may be specified and a licence shall not be granted—

- (i) until the objections, if any, received by the Appropriate Commission in response to publication of the application have been considered by it:

PROVIDED that no objection shall be so considered unless it is received before the expiration of thirty days from the date of publication of the notice as aforesaid;

- (ii) until, in the case of an application for a licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal,

¹ Substituted for "(including the capital adequacy, credit-worthiness, or code of conduct)" by Electricity (Amdt.) Act, 2003 (57 of 2003), w.e.f. 27-1-2004 vide SO 119(E), dt. 27-1-2004.

dockyard or camp or of any building or place in the occupation of the Govt. for defence purposes, the Appropriate Commission has ascertained that there is no objection to the grant of the licence on the part of the Central Govt.

(3) A person intending to act as a transmission licensee shall, immediately on making the application, forward a copy of such application to the Central Transmission Utility or the State Transmission Utility, as the case may be.

(4) The Central Transmission Utility or the State Transmission Utility, as the case may be, shall, within thirty days after the receipt of the copy of the application referred to in sub-section (3), send its recommendations, if any, to the Appropriate Commission:

PROVIDED that such recommendations shall not be binding on the Commission.

(5) Before granting a licence under section 14, the Appropriate Commission shall—

- (a) publish a notice in two such daily newspapers, as that Commission may consider necessary, stating the name and address of the person to whom it proposes to issue the licence;
- (b) consider all suggestions or objections and the recommendations, if any, of the Central Transmission Utility or the State Transmission Utility, as the case may be.

(6) Where a person makes an application under sub-section (1) of section 14 to act as a licensee, the Appropriate Commission shall, as far as practicable, within ninety days after receipt of such application,—

- (a) issue a licence subject to the provisions of this Act and the rules and regulations made thereunder; or
- (b) reject the application for reasons to be recorded in writing if such application does not conform to the provisions of this Act or the rules and regulations made thereunder or the provisions of any other law for the time being in force:

PROVIDED that no application shall be rejected unless the applicant has been given an opportunity of being heard.

(7) The Appropriate Commission shall, immediately after issue of a licence, forward a copy of the licence to the Appropriate Government, Authority, local authority, and to such other person as the Appropriate Commission considers necessary.

(8) A licence shall continue to be in force for a period of twenty-five years unless such licence is revoked.

16. Conditions of licence

The Appropriate Commission may specify any general or specific conditions which shall apply either to a licensee or class of licensees and such conditions shall be deemed to be conditions of such licence:

PROVIDED that the Appropriate Commission shall, within one year from the appointed date, specify any general or specific conditions of licence applicable to the licensees referred to in the first, second, third, fourth and fifth provisos of section 14 after the expiry of one year from the commencement of this Act.

17. Licensee not to do certain things

(1) No licensee shall, without prior approval of the Appropriate Commission,—

- (a) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee; or
- (b) merge his utility with the utility of any other licensee: