Bill to end licence raj in power ready

Electricity Bill, 2021, will be tabled in the ongoing session

SHREYA JAI
New Delhi, 4 February

The Centre is ready with a Bill to amend the Electricity Act, 2003 to set the ball rolling on abolition of power "distribution licence" and allow any company to supply electricity to an area, after necessary regulatory approval. The move will also end the monopoly of existing power distribution companies (discoms), which are mostly state-owned entities. It also implies that all areas will be thrown open to private discoms.

The amended terms as part of the Electricity Bill, 2021, will be tabled in the ongoing session of Parliament. Introducing a new section 24 (A), the draft Bill states: "Any company which fulfils prescribed qualifications and has registered itself with the appropriate commission may supply electricity to consumers in its area of supply, either using its own distribution system or using the distribution system of another distribution company, provided that it complies with the provisions of the Act."

The Bill, which has been reviewed by Business Standard, has replaced the term "distribution licensee" with "distribution company". It also seeks to allow two or more discoms to register and distribute electricity in the same areas. The existing power purchase agreements will be shared by all discoms in an area; they will also be allowed to sign additional power purchase agreements.

The proposed amendments follow the announcement made by Union Finance Minister Nirmala Sitharaman in her Union Budget speech. Addressing the existing discoms as monopolies, she said: "There is a need to provide choice to the consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one distribution company."

POWER-PACKED

- Changes proposed to the Electricity Bill, 2021, and amendment to the Electricity Act, 2003
- Omitting the term 'distribution licensee' to end discom monopoly
- Allowing two or more discoms to operate in a single area
- Empowering the National Load Despatch Centre to regulate power supply to states which do not pay
- Allowing cross-border trade of electricity

State-owned discoms across the country are financially and operationally beleaguered despite four reform schemes in the past 15 years. The latest discom reform scheme UDAY (Ujwal DISCOM Assurance Yojana) concluded in FY20, with most state discoms failing to meet their stipulated targets and were still in the red.

The aggregate technical & commercial (AT&C) losses or power supply losses due to inefficient systems were supposed to come down to 15 per cent and the average cost-revenue (ACS-ARR) gap of discoms down to zero by FY20. However, AT&C losses currently stand at 23.9 per cent and the cost-revenue gap at 0.53 paisa, according to the UDAY portal. The numbers are the national average of last available data of all discoms of FY20 and the indicative data of six states during Q1FY21.

The Electricity Bill, 2021, has also proposed to empower the grid operator National Load Despatch Centre (NLDC), giving it the right to stop dispatch of power to states which do not provide payment security against their contracted supply.

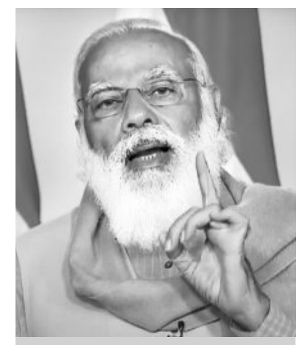
In Section 28 of the Bill — which pertains to NLDC's operations — a new provision has been added stating, "No electricity shall be scheduled or despatched under such contract unless adequate security of payment, as agreed upon by the parties to the contract, has been provided."

The proposed amendment comes even as there are rising dues of discoms to generating companies. As of December 2020, the dues of discoms stood at record ₹1.27 trillion. This was after the Centre floated special loan scheme to bail out discoms' payments to gencos. In June 2020, the finance minister in the 'Aatmnirbhar Bharat' package to boost the economy, announced a special loan scheme for the discoms at an estimated outlay of ₹90,000 crore.

It also puts down the principles for 'cross border trade of electricity' for the first time. The Central Electricity Regulatory Commission will make regulations for sale and purchase of power with neighbouring countries.

Earlier Budgets drafted with eye on vote bank: PM

PRESS TRUST OF INDIA
Gorakhpur (UP), 4 February



"MANY VETERANS WERE SAYING THE GOVT WILL HAVE TO RAISE TAXES AND PASS ON THE BURDEN TO THE PEOPLE... DID NOT HAPPEN"
NARENDRA MODI, Prime minister

Prime Minister Narendra Modi on Thursday said the previous governments drafted Budgets with an eye on their vote banks and made them just a medium for making promises they could not fulfil.

"For decades in our country, the meaning of the Budget was restricted to what announcements were made in whose name. The Budget was turned into an account of the vote bank," Modi said.

The prime minister was launching a year-long commemoration of the centenary of Chauri Chaura incident, an outbreak of violence that forced Mahatma Gandhi to call off his non-cooperation movement against the British.

Paying tributes to the 19 people who were sent to the gallows for burning down a police station and killing 23 policemen, Modi said the Chauri Chaura martyrs had not got the place in history that they deserved.

He released a postage stamp to mark the beginning of the centenary year of the incident. In an address delivered through video conference, Modi hailed India's "power of unity" and said this will help the country become a world power.

The prime minister listed features in his government's recent Budget that he said will help farmers. But he stopped short of mentioning the continuing protest over the agri-marketing laws enacted in September.

"A lot of initiatives have also been taken to empower farmers. Over 1,000 markets were connected with farmers so that they can sell their crops anywhere. Over ₹40,000 crore for rural infrastructure will help farmers," he said.

He said the government is also focusing on creating healthcare facilities in rural areas so that people do not have to go to cities for better treatment.

Modi said even household make their budgets on the basis on their current needs and future responsibilities. "But our earlier governments made budgets a medium for promises that they could not fulfil. The country has now changed that approach." On the 1922 episode, Modi said, "Whatever happened in Chauri Chaura 100 years ago was seen as a simple incident of arson at a police station." "The fire was not only at the police station but in the hearts of Indians as well," he said.

The PM did not refer to Mahatma Gandhi's decision to call off the non-cooperation movement over the violence by his followers. Modi said the Budget will help meet the Covid challenge. "Many veterans were saying the government will have to raise taxes and pass on the burden to the people," he said, adding that this did not happen.

Manufacturing plan for power parts in works

SHREYA JAI
New Delhi, 4 February

The Ministry of Power will launch a domestic manufacturing programme for critical power and renewable energy equipment with an outlay of ₹1,500 crore in FY22.

The scheme titled 'Manufacturing Zones under Atmanirbhar Bharat Package' in the Budget would entail setting up three manufacturing zones in a year. These zones are divided into three categories — coastal, land-locked and hilly states. The scheme would call for offers from states to submit applications to set up these zones. The three selected zones would get ₹500 crore each for development of manufacturing hubs.

Senior officials said a committee would select which state offers the best facilities for these zones. "The selection criteria would be based on land and cheap infrastructure facilities such as electricity, water and sewage treatment, among others. The Centre would provide common infrastructure and testing facilities at these zones," said an official.

A testing facility would be set up by Central Power Research Institute for power equipment. For equipment under renewable energy, National Institute of Solar Energy and National Institute of Wind Energy would set up testing facilities.

The Centre is also planning to give open access power to these zones in case the selected states are unable to supply cheap electricity.

BOOSTER DOSE

- Manufacturing zones under Atmanirbhar Bharat package
- Total outlay for 2021-22: ₹1,500 crore
- Zones to be identified: 3 across India
- Tentative land capacity required: 300 acres for each manufacturing zone
- States to pitch their applications with infrastructure and logistics availability
- More than 80 imported electric equipment have sufficient domestic manufacturing capacity

"The states will form a special purpose vehicle (SPV), which would be transferred to the private companies when they set up manufacturing facilities. The focus would remain on equipment manufactured in India but are still imported," said the official.

The Union power ministry, in September 2020, had released a list of around 80 items, which are imported despite sufficient domestic capacity. "We would also aim to set up manufacturing of new-age equipment which are not yet available in the Indian market," said another official.

Indian Electrical and Electronics Manufacturers' Association (IEEMA) said the scheme comes at the right time as imports are restricted now.

Following the border clashes with China in Galwan valley, Ladakh, the ministry of power, through a public order in July 2020, announced import restrictions on equipment used for 'power supply systems and network' citing security threat and cyber-attacks.

While banning imports from China, the ministry said prior permission would be needed to import from countries in the 'prior reference' list, which now includes China and Pakistan.

"It is essential in the long run that we manufacture most of such power equipment and components. So, this scheme is welcome," said Sunil Misra, director-general, IEEMA. The association was part of the consultative process for the scheme.

He, however, added that there should be a joint task force of the industry and government to identify such large manufacturers, including global players. "There should be high-level government representatives or envoys to approach global and domestic majors to invest in India for manufacturing power equipment," said Misra.

Average HNI earns ₹50-lakh interest that's tax free: Govt justifies PF move

DILASHA SETH
New Delhi, 4 February

Amid backlash over the Budget proposal to tax the interest earned from provident fund contribution of over ₹2.5 lakh a year, the government on Thursday reiterated that the move is aimed at preventing high-net-worth individuals (HNIs) depositing large sums "in a scheming manner" at the cost of salaried class taxpayers to earn assured and tax-exempt returns.

While HNI contributors account for just 0.27 per cent of the employee's provident fund (EPF) accounts, they have an average corpus of ₹5.92 crore per subscriber, earning ₹50.3 lakh per person per annum as tax-free, said sources in the Department of Revenue.

One of the highest contributors has more than ₹103 crore in his account, followed by two who have more than ₹86 crore each, sources said. The top 20 HNIs have about ₹825 crore in their accounts, while top 100 HNI contributors have more than ₹2,000 crore. There are more than 45 million contributor accounts in EPF, of which more than 123,000 are of HNIs. Their total contribution is to the tune of ₹62,500 crore for FY 2018-19 and the government is paying an assured interest at the rate of 8 per cent with tax exemptions.

"This has been done with a purpose to remove disparity among contributors and to put a stop to HNIs parking sums of over ₹1 crore per month and earning tax-free interest," said the source.

VPF: SHEEN DIMINISHED, BUT NOT LOST II,2

1 in 5 Indians has been exposed to coronavirus, shows serosurvey

RUCHIKA CHITRAVANSHI
New Delhi, 4 February

The third national serosurvey has shown that 21.5 per cent of the population has been exposed to Covid-19. The Indian Council of Medical Research said the highest prevalence was found to be in the urban slums with more than 31 per cent of the population showing Covid antibodies. Among the age groups, 25 per cent of those in the 10-17 years old were exposed to the virus, according to the survey.

Seroprevalence among the health workers was nearly 26 per cent with doctors and nurses found to be among the most exposed followed by paramedical and field staff.

The survey, conducted between December 17 and January 8, studied the prevalence of SARS-CoV-2 infection in more than 28,000 people from the general population above 10 years of age and over 7,000 health care workers.

SEROPREVALENCE IN GENERAL POPULATION

	Sero prevalence % (95% CI)	
GENDER		
Male	**20.3**	(19.2 – 21.5)
Female	**22.7**	(21.5 – 23.9)
AGE (yr)		
10 – 17	**25.3**	(23.1 – 27.5)
18 – 44	**19.9**	(18.8 – 21.0)
45 – 60	**23.4**	(22.0 – 24.9)
>60	**23.4**	(21.6 – 25.4)
GEOGRAPHY		
Rural	**19.1**	(18.0 – 20.3)
Urban non-slum	**26.2**	(23.6 – 28.8)
Urban slum	**31.7**	(28.1 – 35.5)

45% health workers vaccinated: Govt

Forty-five per cent of India's health care workers have received the first dose of the vaccine and the government plans to extensively increase private sector participation in the drive, Health Secretary Rajesh Bhushan said on Thursday. More than 4.4 million people have been vaccinated in the first 18 days, the fastest in the world ahead of the US that gave the first dose to the same number of people in 20 days.

"We will soon start vaccination for those in the 50-plus age bracket," Bhushan added.

Madhya Pradesh has been the best performer in achieving the maximum coverage with 73.6 per cent of its health care workforce getting the jab.

More willing to take jab if govt leaders get it first

SOHINI DAS
Mumbai, 4 February

Three weeks after the world's largest Covid-19 vaccination programme kicked off in India, a major section of the population is hesitant to take the jab.

A recent survey by LocalCircles, however, showed that the vaccine hesitancy in India has dropped by 16 per cent within a month and now 42 per cent Indians are willing to take the jab. This number is expected to go up to 65 per cent if senior leaders in central and state government (MPs, and MLAs) inoculate themselves.

Breaking down the poll, there were 26 per cent citizens who said they would still like to wait up three months. Further 16 per cent said they will wait for three-six months, 9 per cent said will wait for 6-12 months, and 5 per cent will wait for more than 12 months and then decide.

However, 5 per cent of citizens said they will not take the shot at all, LocalCircles said.