

ELECTRICITY EMPLOYEES FEDERATION OF INDIA  
6<sup>TH</sup> ALL INDIA CONFERENCE  
JANUARY 22,23 & 24 – 2009  
KOLAGHAT- WEST BENGAL

REPORT OF THE GENERAL SECRETARY

Dear Comrades,

1. INTERNATIONAL SITUATION:

- 1.1 The imperialist forces have continued with their machinations to subject the developing countries to economic and political subjugation. At the same time, resistance to hegemonic designs of the imperialistic power has also been increasing all over the world. While continuing its arrogant designs on Palestine, the cruel and illegal sanctions against Cuba and the offensive against Iran, the US leaves no stone unturned to tighten its grip over the ruling polity in developing countries. The strategic military cooperation and the Indo-US nuclear deal are expressions of this motive. In the meantime US imperialist ambition to dominate the world economy and establish a unipolar world has received a serious jolt by the severe crisis haunting the US economy, the housing mortgage crisis has led to several investment companies and leading banks becoming bankrupt. The meltdown of US Economy raised a serious threat of recession in the entire world except China. The US imperialism will attempt to weaken the opposition to its manoeuvres by the left and other progressive forces in developing countries. This new dimension of imperialistic designs have to be appreciated while examining in national situation and coming to a proper understanding in order to develop appropriate strategies to address the challenges unfolding before us.

2. INDO-US NUCLEAR DEAL

- 2.1 When the U.S. imperialists all over the world are facing a serious set back to their policies of hegemonism, Manmohan Singh Government has decided to go ahead with the Indo-U.S. nuclear deal – This has created a political crisis in the country and the left parties were left with no other choice but to withdraw support to the UPA Government. This issue as well as other internal events has been dealt in detail in the presidential address.

### 3. NATIONAL SITUATION

#### 3.1 National Common Minimum Programme and the UPA Government

The UPA Government has taken few positive steps to fulfill its commitments like abolition of POTA, adoption of the right to information act, National Rural Employment guarantee act, 93rd Constitution amendment to bring private educational institutions within the scope of reservations for socially disadvantaged group, Act to prevent domestic violence and to ensure rights on property to women, introduction of Scheduled Tribes (recognition of forest rights) Bill in parliament, etc. But the Government is pursuing the neo-liberal policies with ideological bindings unmindful of their commitments in NCMP in major areas of governance a few of which are enunciated below:

3.2 The UPA government was passively staring at the religious obscurantism and miserably failed to combat communal riots and terrorism. Allowed to fail the Public Distribution system and no effective step has been taken to strengthen it. Subsequently, the Government has miserably failed to protect the peasantry from the collapse of market price of agricultural produce consequent to the bi-lateral free trade agreements and WTO agreements and the resultant opening up of flood gate to import. Every effort is made by the government for privatisation of profit making public enterprises and strategic industries like Navratna Companies, National Mineral Development Corporation (NMDC), National Aluminium Company, Neyveli Lignite Corporation, State Electricity Boards, Air ports, etc. and of late NEPCO. The review of Electricity Act -2003 was carried out by IIPA where a corpus is created in which majority of them were top executives in government/ public sector implementing neo-liberal policies including unbundling and privatisation of Electricity Board.

#### 3.3 INDIA'S QUEST FOR TAPPING POWER

3.4 India's quest for tapping power from both thermal and hydel sources has remained an elusive saga of flawed attempts ever since the Narashima Rao government, in the early 1990s, opened up the sector to private participation, putting a few power projects under 'fast track,' with offer of counter-guarantee to prospective power sector players.

3.5 Since then, the situation on the ground does not appear to be of any comfort with the country miserably lagging behind in capacity addition.

### 3.6 Capacity additions

- 3.7 No wonder that the latest report of the House Panel bemoans that capacity addition targets in the previous Plan periods have failed miserably, as the targets accomplished in the Eighth Plan, Ninth Plan and Tenth Plans were only 54 per cent, 47 per cent and 51.6 per cent, respectively.
- 3.8 Worse, against the total target of capacity addition of 12,039.20 MW in 2007-08, actual capacity addition was 8,679 MW as on March 26, 2008. With load-shedding and darkness at noon becoming a biting reality in summer, any long-term solutions to make the system work smoothly appear a daunting challenge.
- 3.9 The deficit in power supply in terms of peak availability and of total energy availability during the current year was 14.8 per cent and 8.4 per cent, respectively. While shortages are being experienced by each region, they are more acute in the North-Eastern and the Western Region.

### 3.10 NATIONAL ELECTRICITY PLAN

- 3.11 Section 3(IV) of the Electricity Act 2003 mandates CEA to prepare the National Electricity Plan (NEP) in accordance with the National Electricity Policy and notify the Plan once in five years. In fulfillment of above obligation as per Electricity Act 2003, Central Electricity Authority has prepared the National Electricity Plan in two volumes- Volume-I (Generation & Related Aspects) & Volume-II (Transmission & Related Aspects) and it has been notified in Gazette of India Extraordinary – Part II of 3<sup>rd</sup> August, 2007 vide Gazette Sl. No. 159. National Electricity Plan covers the capacity addition perspective planning for the 11th & 12th Plan periods. This Plan is broadly based on the demand forecast of the 17<sup>th</sup> Electric Power Survey and the economy GDP growth rates projected in the Integrated Energy Policy. This further takes care of the requirements stipulated in the objectives of National Electricity Policy announced by the Government.
- 3.12 Long-term planning studies for the 12th Plan have also been carried out and it emerges that the requirement of capacity addition during the plan works out to about 82,000 MW comprising 30,000 MW hydro, 40,000 MW thermal and 11,000 – 13,000 MW nuclear plants. It highlights development of an all-India national grid, chronologically describing development of State Grids into Regional Grids and integration of regional grids to form an

all-India National Grid. Programme of expansion of inter-regional transmission capacity from 14100 MW at the end of 10th Plan to 37700 MW at the end of 11th Plan has been given.

- 3.13 The power sector is a major consumer of coal using about 78 per cent of the country's coal production. Coal-fired thermal units account for around 62.2 per cent of total power generation in the country. Thus, coal continues to be the mainstay for the power sector. The total consumption of coal by the power sector in 2006-07 was 302.5 million tonne (MT). Of this, about 9.7 MT was imported in 2006-07. About 7.3 MT of coal has been imported in 2007- 08 (up to December 31, 2007). Apart from bridging the demand - supply gap, blending of imported high quality coal with high ash domestic coal helps thermal power stations to adhere to the environmental stipulations of using coal with less than 34 per cent ash content.

### 3.14 ELEVENTH FIVE YEAR PLAN CAPACITY ADDITION AND POLICY FRAMEWORK

**Eleventh plan power capacity addition targets (MW & per cent)**

Sector	Hydro	Thermal	Nuclear	Total (MW)	Share (%)
Central	9,685	26,800	3,380	39,865	50.7
State	3,605	24,347	0	27,952	35.5
Private	3,263	7,497	0	10,760	13.8
<b>Total</b>	<b>16,553</b>	<b>58,644</b>	<b>3,380</b>	<b>78,577</b>	
Share (%)	21.1	74.6	4.4	100	

- 3.15 Electricity is in the concurrent list in the Constitution. The National Electricity Policy (NEP), 2005 recognizes electricity as a “basic human need” and targets a rise in per capita availability from 631 units to 1,000 units per annum by the end of 2012. To fulfill the objectives of the NEP, a capacity addition of 78,577 MW has been proposed for the Eleventh Five Year Plan. This proposed Electricity Plan estimates the energy consumption in 2011-12 at 975 billion units which is far below the policy's target of 1000 units per capita availability for an estimated population over 1,200 million by then.

### 3.16 TARIFF-POLICY

- 3.17 The policy mentions that introducing competition in different segments of the electricity industry is one of the key features of the Electricity Act, 2003 and that competition will lead to significant benefits to consumers through

reduction in capital costs and also efficiency of operations. It will also facilitate the price to be determined competitively.

- 3.18 The policy stipulates that all future requirement of power needs to be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a State controlled / owned company as an identified developer and where regulators will need to resort to tariff determination based on norms. Even PSUs will have to bid for projects for determination of tariff after a period of 5 years. In the back drop of the unveiled market manipulations and speculative market plays and the manifested economic crisis world over it is to be thoroughly debated again whether such policies will safe guard the interest of the vast majority of Indian citizen and the growth of India.

3.19 Ultra Mega Power Projects:

- 3.20 Originally, nine sites were identified by CEA in nine States for the proposed UMPPs. These include four pithead sites, one each in Chhattisgarh, Jharkhand, Madhya Pradesh and Orissa, and five coastal sites, one each in Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu. It is proposed to set up pithead projects as integrated projects with captive coal mines. The Ministry of Coal has allocated captive coal mining block(s) for Sasan UMPP in Madhya Pradesh, for Orissa UMPP (except for Chaturdhara block), for Tilaiya UMPP in Jharkhand and for Chhattisgarh UMPP. Tariff based competitive bidding. To facilitate tie-up of inputs and clearances, project-specific shell companies have been set up as wholly-owned subsidiaries of the Power Finance Corporation (PFC) Ltd. These companies would undertake preliminary studies and obtain clearances relating to water, land, fuel, and power offtake tie-up prior to award of the project.
- 3.21 Power plants using super-critical technology have a higher thermal efficiency of about 40 per cent as compared to 38.6 per cent for sub-critical units of 500 MW units or less. At present, all the operating thermal power units are sub-critical units. Six super-critical units of 660 MW of NTPC Ltd, at Sipat (3 x 660) and Barh (3 x 660) are at an advanced stage of construction, and the first super-critical unit is expected to be commissioned during 2008-09
- 3.22 The bidding process in respect of Sasan, Mundra and Krishnapatnam UMPPs has been completed. M/s. Tata Power has been awarded the Mundra project at Rs. 2.26 per KWh/M/s. Reliance Power Ltd. has been awarded Sasan and Krishnapatnam UMPPs at Rs. 1.196 per KWh and Rs. 2.33 per KWh, respectively. The SPVs of Sasan, Mundra and Krishnapatnam UMPPs have been transferred to the successful bidders. Reports appeared in media that

Tata approached the court against the malpractices done behind the curtain helping Ambani in reducing the tariff quote in violation of tender conditions.

3.23 **PLAN FOR DEVELOPMENT OF HYDRO POTENTIAL**

3.24 India is endowed with an estimated hydro power potential of more than 1,50,000 MW. However, only 21.14 per cent of the potential has been developed till date and 9.53 per cent is being developed. There are 10 Schemes with an installed capacity of 3991 MW under construction while 67 Schemes with an installed capacity of 18,030 MW have been allotted to private developers by States. There are 45 hydro projects with an aggregate capacity of 15,000 MW under construction. Preparation of pre-feasibility reports of 162 schemes with aggregate installed capacity of 49,930 MW has been completed by CEA.

3.25 **NEW HYDRO POLICY:**

3.26 The Electricity Tariff Policy, which was notified in January 2006, allows a special dispensation for project development by the State and Central PSUs on the basis of capital cost and norm based tariff to be determined by the Regulatory Commission. The dispensation, allowed for PSUs, would now be available to the private sector for the same period of five years (from January 2006). This is contingent on a transparent procedure being followed by the host State in allotting projects and on timely achievement of specified milestones. The project developer would have to set apart 1 per cent of the power generated towards the development of the affected local area and provide 100 units of free power per affected family per month for a period of 10 years. A similar 1 per cent matching contribution is expected from the host State for local area development. These provisions are expected to provide a regular stream of revenue for the welfare of the project affected people.

3.27 **MERCHANT POWER PLANTS:**

3.28 The Ministry of Power has issued guidelines for the setting up of Merchant Power Plants (MPPs) for which fuel tie-up would be facilitated. Unlike traditional utilities, Merchant Power Plants compete for customers and absorb full market risk. They are a market-based response to the growing electricity demand. There are no guarantees of minimum off take. Merchant Power Plants fill different niches in the market; some provide steady supplies to the power grid, while others fire up to meet peak loads when the demand is at its highest.

3.29 **TRANSMISSION, TRADING, ACCESS AND EXCHANGE :**

Generation capacities and demand points are unevenly distributed across the country due to various natural and historical factors. Furthermore, demand

for power,(and to some extent, even its supply), is characterized by intra-day and seasonal variations. An integrated power transmission grid helps in easing out supply-demand mismatches. In addition, mechanisms for trading and exchange and open access facility into the grid could help in making the market for electricity more competitive and cost effective. But the separation of ‘trading ‘as a function apart from the normal /traditional activities of power sector is to convert the sector market driven with all its’ foul plays done by private capital including speculation and futures trade. Pxs including MCxs are tools for all these manipulations which are now being permitted legally. Few orders of the Appellate Tribunal corroborate this concept. Of late, after discussing the staff paper on the functions of MCx and futures trade, CERC is reaching a conclusion that competitions were introduced for getting its advantage to the consumers and the present methodologies adopted are serving the purpose contrary to the aims. CERCs advice to this effect to GOI is expected shortly.

Commented [U1]: May be deleted. We have serious criticism

### 3.30 NATIONAL GRID:

The existing inter-regional transmission capacity of about 17,000 MW that connects the Northern, Western, Eastern and North-Eastern Regions in a synchronous mode (at the same frequency) and the Southern Region asynchronously has enabled inter-regional energy exchange of about 38 billion kWh (January- November 2007).

- 3.31 The Ministry of Power has notified Tariff- Based Competitive Bidding Guidelines for Transmission Service under Section 63 of the Electricity Act, 2003, to encourage competition in development of transmission projects. As per these guidelines, an empowered committee under the Chairmanship of Member, Central Electricity Regulatory Commission has been constituted. This committee has identified 14 transmission projects to be developed by the private sector through tariff- based competitive bidding.

### 3.32 TRADING OF ELECTRICITY:

- 3.33 Under the Electricity Act of 2003, “trading” has been recognized as a distinct licensed activity in addition to distribution and transmission. Trading helps in resource optimization by facilitating the disposal of surplus power with distribution utilities on the one hand, and in meeting short-term peak demand on the other. The Central and State Electricity Regulatory Commissions have powers to grant inter-state and intra-state trading licenses, respectively. CERC has granted 26 inter-state trading licenses so far. Traders are categorized on the basis of volume of electricity to be traded and net worth of the trader.
- 3.34 However open access and power trading in its present forum in India will only strengthened the muscles of a few middle man (in both the public and

private sectors) who have not made any investments in the industry, rather than providing cheaper power to the end user.

3.35 OPERATIONALIZATION OF OPEN ACCESS:

3.36 Open access is one of the key features of Electricity Act, 2003. Open access in interstate transmission is fully operational. To give a fresh impetus to implementation of open access over transmission lines of State utilities and over the distribution networks, the Ministry of Power convened a conference of Chief Secretaries in April 2007 and a conference of Chief Ministers in May 2007. The Ministry of Power also convened a meeting of the forum of regulators (FOR) and the State Power Secretaries on operationalization of open access at State level. The SERCs have resolved to actively operationalize open access. [www.forumofregulators.org](http://www.forumofregulators.org) has been launched to display the open access charges and status of open access applications in various States.

3.37 POWER EXCHANGE:

3.38 CERC has issued guidelines for setting up power exchanges. It has also given approval to one application for setting up power exchange. This would further facilitate competition in the electricity sector. One such Px started operation.

3.39 REFORMS IN DISTRIBUTION :

3.40 Reforms of the distribution system is a key area for infusing efficiency and commercial viability in the power sector. In February 2000, the Government of India introduced the Accelerated Power Development Programme (APDP), with the objective of initiating a financial turnaround in the State-owned power sector, which was subsequently rechristened as Accelerated Power Development and Reforms Programme (APDRP). There are two components under APDRP, viz. “investment component” and “incentive component”. While the focus of investment component has been on specific projects for upgradation of sub-transmission and distribution network, the latter envisaged incentivizing the State Governments up to 50 per cent of the actual total cash loss reduction by SEBs/utilities, as a grant.

3.41 The APDRP is to be continued during the Eleventh Five Year Plan with revised terms and conditions as a Central scheme. The focus of the programme shall be on actual, demonstrable performance in terms of loss reduction. Establishment of reliable automated systems for collection of accurate baseline data and the adoption of information technology in the areas of energy accounting would be necessary preconditions for sanctioning of projects for strengthening and upgradation of sub-transmission and distribution networks.

3.42 RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY)



3.43 This Scheme of Rural Electricity Infrastructure and Household Electrification has been introduced in April, 2005 for achieving the National Common Minimum Programme objective of providing access to electricity to all Rural Households over a period of four years. Rural Electrification Corporation (REC) is the nodal agency for the programme. Under this scheme 90% Capital Subsidy will be provided for rural -electrification infrastructure. Balance 10% will be loan assistance on soft terms by REC.

3.44 But one should not be blind towards the thread and hitch behind such grant in the form of a conditionality handing over the new electrified area to franchisees, which is an indirect way of privatization. This system has gone to the extend of handing over the highly profit making distribution areas to Franchisees as we have seen in Maharastra.

3.45 STATUS OF RGGVY

3.46 All the states except Delhi & Goa have signed Agreements under RGGVY. CPSUs are implementing the scheme in 139 districts. 235 Projects were taken up for implementation in X Plan. Balance projects are being taken up in XI Plan. Franchisees are in place/operation in 14 states namely, Uttar Pradesh, Utrankhand, Karnataka, West Bengal, Assam, Nagaland, Haryana, Orissa, Madhya Pradesh, Andhra Pradesh, Rajasthan, Bihar, Gujarat and Chhattisgarh covering 73,422 villages. The Ministry is pursuing capacity building of franchisees to make them effective and sustainable.

3.47 CONTINUATION OF RGGVY IN 11TH PLAN PERIOD

3.48 The continuation of Rajiv Gandhi Grameen Vidyutikaran Yojana has been approved by the Government in the 11th Plan for attaining the goal of providing access to electricity to all households, electrification of about 1.15 lakh un-electrified villages and electricity connections to 2.34 crore BPL households.

3.49 IMPACTS OF RESTRUCTURING OF SEBS:

3.50 Out of 21 Electricity Boards in India , 15 Boards were unbundled and multiple companies were formed and kept the new entities under public sector except Orissa and Delhi where companies had been privatised. A skeleton of the erstwhile Boards were retained as a holding company to deal with the settlement of assets and liabilities in few states. 6 Electricity Boards which remain as bundled entities are now in process of restructuring except SEBs of Punjab & H.P., where GOI is threatening of no further extension under sn.172 of EA-2003. Of the above Government of Tamilnadu has expressed it's desire to unbundle the Board into two entities, unmindful of the agitations launched by COTEE, the EEFI unit of Tamilnadu. Government of Kerala has accepted the recommendations of the Committee constituted for submitting the mode of

restructuring, in principle. One of the four committee member was K.R.Unnithan, Secretary of EEFI, who consulted the President and General Secretary of EEFI in this regard. The committee recommended a single company owned by the government in lieu of the Board which can carry out generation, transmission and distribution, with a restriction to keep all its' shares with GOK. This restriction is to be imposed by the legislature by passing a bill to this effect as a part of implementation of transfer scheme that will not be **repugnant** to the central act. The committee also recommended the workers and consumers' true participation in management as was done in EDF (France).

- 3.51 Studies were conducted by different agencies on the impact of restructuring of EBs in different states of India. Involvement of professionals and experts were ensured in all the studies sponsored both by governmental and non-governmental agencies. The out come of all these studies generally prove that states with bundled EBs are performing better than the states with unbundled EBs.
- 3.52 Left parties demanded the review of the electricity Act-2003 with the participation of the concerned Trade Unions. The National Common Minimum program includes "*the review of the Electricity Act 2003 in view of the concern expressed by a number of States*". A few Chief Ministers/Ministers representing the state governments are vehemently arguing not to be dogmatic about the methods of reform and let the reform & method be left to the individual state governments. They say that the results of the already unbundled / privatized SEBs were dismal which provides enough strength to their conviction. Since Electricity is in concurrent subject, the dictates of EA,2003 is a direct interference in the rights of states and a set back on federalism.
- 3.53 The first phase of reforms in power sector focused on generation. Subsequently in the mid 1990s, reforms of the distribution segment came to be accepted at the policy making level, which gave shape to the second wave of reforms and includes restructuring of the SEBs .The restructuring of the SEBs has so far been completed in 15 states.
- 3.54 The first state in India to undertake a re-structuring programme for it's Electricity Board was Orissa – in April 1996 - where the reforms strategy included the privatisation of the restructured DISCOMs. Initially SEB was unbundled into separate Generation, Transmission, and four DISCOMs. Gridco was the holding company of DISCOMS. There after 51% shares of these DISCOMs were transferred to private companies. Delhi having 3-DISCOMs, followed suit with small variations.

3.55 The Orissa experiment was followed by similar restructuring exercises in several states including Haryana (2-DISCOMs), Andhra Pradesh (4-DISCOMs), Karnataka (5-DISCOMs), Uttar Pradesh (5-DISCOMs), Rajasthan (3- DISCOMs) and Madhya Pradesh (3 -DISCOMs), the difference being that their DISCOMs were government owned and managed companies.

3.56 Retaining SEB as a shell company to manage the residual and co-ordinating functions and creating separate Generation, Transmission and distribution companies was the model adopted by three states that restructured their SEBs, after the enactment of EA-2003. Assam (3-DISCOMs), Gujarat (4-DISCOMs) and Maharashtra (1-DISCOM) come under this group with few differences.

3.57 West Bengal SEB was unbundled in April 2007 with a statement from government at the floor of assembly that the companies will be kept under govt. and will not be privatised.

3.58 STUDIES ON THE IMPACTS OF RESTRUCTURING OF SEBS IN DIFFERENT STATES OF INDIA

3.59 First and foremost of such a study was conducted under the auspices of **Electricity Employees Federation of India**. The evaluation was carried out by a group of renowned experts in technology, economics, accounting and social science namely, Prof. Dr. Shanker Sen, Prof. Prabhat Patnaik, Prof. C.P. Chandrasekhar, Dr. M.R. Sreenivasan, Dr. Sudha Mahalingam, Er. K.K. Govil, Er. Prabir Purukayasta, Sunil Goyal and Er. B.S. Meel

The committee's findings were that solutions to the problems of electricity sector have to be found within the parameters of an active state sector and not by dismantling of the existing institutions.

After evaluating the merits and demerits of the aftermath of power sector reforms implemented according to the broad perspective of GOI during the last one and a half decade, the study group placed an alternative to the present power sector reforms.

3.60 ICRA and CRISIL STUDY REPORT:

ICRA and CRISIL have jointly conducted an analysis to rate the power utilities in India during 2005-06, as directed by MOP with an intention to promote further the neo-liberal policies including unbundling and privatisation of power sector. It can be well seen by going through the parameters used and weightages given, that the entire performance rating model is designed to promote the neo-liberal policies including unbundling of State Electricity Boards and its privatisation. Eying this, 45.25% of the marks are set apart for external factors of power utility including historical parameters such as (1) State Government related, (2) Regulatory process,

(3) Sustainability of revenue model and (4) Creation of a competitive environment.

Only 54.75% of the marks are earmarked for *internal factors* of power utility/ EB such as (1) Technical performance (Business Risk Analysis)(2) Financial performance ( Financial Risk Analysis) (3) Other aspects related to IT, not related to IT and business plan (4) Progress in achieving commercial viability.

So to evaluate the actual performance of State Electricity Board / State Power Sector, only the marks awarded to the internal factors need be taken into account. It can be very well pointed out that marks are distributed for internal factors too with an intension to cover up the lacunae of those states which had unbundled and privatized the power sector. For example, redressal of consumers' grievance is an important factor as government, consumers and employees are the three stake holders in this industry. But only 1.125 % marks are set apart for this. For gearing level which involves the total debt and the net worth after adjustment, only 1.875% of marks are allotted. The evaluation criteria of financial performance hides the support from the state government in the form of structural adjustment support, transition support etc. These factors are included in the government related parameters as positive aspects and 2.625%, 1.5% of marks are allocated respectively. The burden of all the state governments combined together towards subsidy to power sector increased from 10400 Cr. to 11000 Cr. of rupees during the previous fiscal year contrary to the propaganda made by the proponents of neo-liberal policies.

Even after getting a lot of financial support from the state government in the form of upfront subsidy, support to restructuring, transitional support etc the utilities in these states could not come above the bundled and public sector entities. Among the 29 states, their ratings of internal factors are given below:

No	State	Year of unbundling	rank
1	Orissa	1996	24
2	Haryana	1999	21
3	UP	2000	18
4	Rajasthan	2000	20
5	Utharanjal	2001	17
6	Madhya Pradesh(MP)	2002	25

Orissa and Delhi were two states where distribution is privatized. Orissa ranks 17<sup>th</sup> and Delhi ranks 6<sup>th</sup> in the technical performance of distribution. Ranks from 1<sup>st</sup> to 4<sup>th</sup> goes to bundled entities as shown above.

**3.61** INDIAN INSTITUTE OF PUBLIC ADMINISTRATION (IIPA) study on impacts of Restructuring of SEBs is the latest in this series. This was consequential to an agreement between the Union Power Minister and the leaders of National Coordination Committee of Electricity Employees and Engineers. For the convenience of study, states were divided into three groups.

1. Group I consisted of states in which EBs are restructured before the implementation of Electricity Act – 2003.
2. Group II states were those states where EBs were restructured after the implementation of EA-2003.
3. Group III were states where EBs are still remaining without restructuring, but functions as transmission utility which is doing distribution function and owns generation assets.

➤ IIPA team found that despite some shortcomings, overall impact of restructuring has been positive and in the right direction. This was arrived at after analyzing the performance of gr.1 states consisting of AP, Haryana, Karnataka, MP, Orissa, Rajasthan & UP (Delhi excluded?) which were restructured prior to 2002-03. But if we read between the following lines of the report- ie.

*"Over all improvements were noticed in AP, Haryana, Karnataka, and Orissa in following areas.....",*

*"The position in Rajasthan and UP, leaves much to be desired, while the progress in MP is partial."*

It can be well inferred that out of the eight states, only four had shown some betterment, which the study hastily accounted towards the gains of restructuring.

➤ Comparing the Commercial performance of the utilities with respect to a key parameter- loss in Cr. with out subsidy, the findings of the IIPA that

*” One of the major gains of the process of re-structuring is the improved commercial performance of the utilities”*

can be very easily negated. Non- restructured SEBs in WB, Kerala, HP, Meghalaya, Tamil Nadu and Punjab have shown better performance.

- Actual subsidy paid in crores by state governments are as follows as per the study report:

State	2000-01	2001-02	2002-03	2003-04	2004-05	Date of restructuring
AP	2788	2437	1509	1515	1812	1999
Haryana	820	763	829	924		1999
Karnataka	708	1872	1240	1172		1999
MP	0	543	851	1045		2002
Orissa	0	0	0	0		1996
Rajasthan	0	286	278	3534		2000
UP	240	862	849	950		2000
West Bengal	50	100	0	0	0	Not done during the period of IIPA study

Actual subsidy burden of different state governments are increasing/fluctuating in the case of states where SEBs are restructured. It is not steadily decreasing. That is why the IIPA team has taken a convenient instrument to hide it which is ‘the % subsidy with respect to revenue’. This is irrelevant as far as the state governments are considered those are bearing the brunt. SEBs of West Bengal and Kerala are showing better performance in this regard.

- It can also be inferred that IIPA team has paid least concern over the cost of restructuring. Only few figures have come out, which are shown below. This cost is born by the state governments with the help of international financing agencies like ADB, who is keeping close vigil to get such an opportunity. The loans from international funding agencies are tools for enforcing structural adjustments only to safe guard the interest of such funding

agencies. This has been highlighted by notable economists in the country. IIPA recommendations are infact encouraging international financiers to come and make irreparable damage to our economy.

State	Cost of restructuring	remarks
Haryana	Rs 2022 Crore	
MP	Rs 4431 Crore	
Rajasthan	Rs 1698 Crore	Declared a support of 8400 cr. during the period up to 2012

Thus it can be seen that the findings are pre-determined as shown above on few very important parameters.

#### POWER SECTOR LIBERALISATION:

One of the driving forces of economic and social development is energy. By all its means power men (Electricity Employees Federation of India) endeavored to highlight this social dimension of energy.

Launched at the time of Thatcher, the Privatisation and neo-liberal policies always wrought devastation. The historic bankruptcies of Enron and the Californian electric system are the eloquent demonstrations. These bankruptcies should not be treated lightly because their corpus is gigantic and incredible .Until now: 64 billion dollars of losses of Enron, 75 billions for the Californian energy sector the compensation of which is completely chargeable to the citizen of the concerned country.

The recapitalization of British Energy by the state demonstrates well that profits go to the private and losses to the nation. We rediscover that markets can be manipulated. We already knew it even before the big crisis of 1929, but the collapse of the Californian electric system and Enrone are the recent sensational proofs in power sector while the pathetic collapse of Wallstreet giants and Sathyam are in mind. By deregulating the sector, the Californian authorities allowed the oligopolies to play in the market and foil power production to make artificial scarcity of power and increase power tariffs. The prices, which, if they beat records in California (changing from 30 dollars per MW in 1300 dollars in May,2001) generally increased all around the world after these deregulation-privatizations, disastrously leading to repeated tariff shocks to the consumers and increasing power shortages

These also end in real disaster for the employment and marginalization of the role of the employees. So, we could foresee the loss of 2,50,000 jobs under the

energy sector of Europe because of the deregulation in the next years. This is added to 2,12,000 jobs already lost in electric sector from 1990 till 1998 in Europe. Another example: when EDF acquired “the Brazilian electric lights” in 1999, loss in employment was 13,500. There remains only 3500 employees to-day. When we peep into the Delhi distribution Privatization, the loss of employment is to the tune of 6200 out of the total 11,500 distribution employees. They were ‘blessed’ with VRS who were seen moving from pillar to post for terminal benefits, thanks to the sn.131, 132,133 of the Act which can be amended on any date!. Orissa is yet causality. The working conditions also suffer consequential to privatization, so as trade union rights.

Indian Electricity supply is erratic and of poor quality and on the top of all, nearly three-fourths of rural households have no access to electricity. The safety and security of supply are incompatible with allure to windfall profits. The efficiency criteria of management of the private electric sector aim at essentially the reduction of costs of human work, challenging the safety and the security of the employees.

In a paper in March 2005 “A survey of Empirical Evidence on Determinants and Performance” by researchers of Cambridge University, U.K. have provided a survey of electricity reform in developing countries, the authors say that given how much time, money and effort has gone into reforming infrastructure industries in developing countries, it makes sense to “examine whether the evidence supports the logic of reforms” So they have reviewed evidence on electricity reforms in developing countries and showed a red flag.

They conclude that “until we know more, implementation of reforms will be more based on ideology and economic theory rather than solid economic evidence”. Electricity reform for them remains “work in progress”

On 15th December 2004, the Indonesian constitutional court cancelled the government’s law package to unbundle and privatize the country’s electricity system. The Judges referred to international experience with Privatisation in rejecting the law, which they said would harm the country.

**INDIAN POWER SECTOR REFORMS:** Driven by ideology, economic reasoning, and early success stories, vast amounts of financial resources and efforts have been spent on reforming infrastructure industries in developing countries. Power reforms in India started in 1991 with the liberalization of generation, but many IPPs subsequently withdrew. The focus of power sector reforms has since shifted to distribution. Many states are pursuing reform programmes as the central government is holding incentives for them to stay in the course of reform. These reforms are the handicrafts of a small group of bureaucrats and consultants with no inputs from professionals and engineers and employees who knew the ground realities, but from their masters of imperialist interests. The reforms have been



finalized totally in an opaque manner and without the basic ingredient of any democratic participation. The driving force for the reforms is not a conviction among the states that the reforms are imperative, rather it is allurements to large financial assistance, which is goading the states to reluctantly show 'just enough' progress to qualify for the release of next tranche of aid. The fiscal distress that most states are in compels them to give priority to power reforms in particular as this sector is where most of the states financial hemorrhaging occurs.

THE HARD BUDGET CONSTRAINT IMPOSED BY TRIPARTITE AGREEMENT HAS CONTRIBUTED TO CREATING THE POLITICAL WILL IN THE STATES TO ATTEMPT THE HARD TASK OF ACTUAL DISTRIBUTION REFORMS.

The standing committee on Energy – Ministry of Power – Fourteenth Lok Sabha – Demand for Grants (2004-05 – Third Report – page 16 states: “The committee is not satisfied with the progress made so far in the States, particularly in regarding the un-bundling of the state Electricity Boards, feeder metering and consumer metering. The committee understands that the states have to complete these reforms on priority basis for getting loans and grants under APDRP. The committee is not satisfied with the present status of these schemes in the states. The Committee, therefore, desires that the Central government should ensure a speedy implementation of these schemes in States through their active participation and inform the committee about the elaborate steps taken by them and the outcome thereof”.

The Governments of the ruling class is now entrapped: Fiscal constraints safeguarding the class interest demands curbing of subsidies /elimination of subsidies; but it may be politically detrimental. Farming community leaders have managed to block any agriculture tariff hike in AP, Karnataka, Rajasthan, Gujarat, Maharashtra and Tamil Nadu. Karnataka for example, did not implement the Regulatory commission's order for tariff hike in 2002. Rajasthan government did not allow the utilities to file for tariff hike even after 4 years of unbundling except in 2005 but of no avail as it has been rolled back by way of subsidy from state govt. Andhra Pradesh has not sought any increase for Agricultural consumers in the last three tariff fillings.

**The contradiction needs to be analyzed objectively. Power sector policies thus form a core component of a political strategy “concretizing the difficulty in de-politicizing power sector”.**

THE NATIONAL ELECTRICITY POLICY:

The Government of India had notified the national electricity policy on 12th Feb.'05 the essence of which is again converting the power sector to a market driven one. Introduction of “user charges” OR DE-POLITICIZING POWER SECTOR i.e., one who consumes should pay for it is wrong diagnosis of ills of

power sector. This hypothesis will not improve the balance sheet of power utilities; on the contrary it will push the peasants, small scale industries and those who can hardly consume power to meet their basic needs considering the growth of the society, back to the walls.

The national electricity policy has failed to identify any specific policy initiatives that would address the key problems in power sector.

The National Electricity Policy announced in February 2005 is a 'wish-list' of everything desirable in the Indian Power sector; but what is missing in the policy is "how to achieve it". This policy expresses an urgency to resolve the problems that plague the power sector, but has not been able to prescribe any practical measures to correct them. Instead, the new policy has set very ambitious goals which are impossible to achieve in the intended time frame. Though much has been written about "what went wrong" with power sector reforms in India, it is necessary to note that during the past 17 years, the Ministry of Power (MoP) has produced several policy documents and issued numerous amendments; but it has failed to make any significant improvements in the power sector. The New Electricity policy reveals that the ministry is not yet ready to learn any lesson from its own mistakes. This policy aims at the following noble but unrealistic targets:

- Access to electricity to be made available for all households by next five years;
- Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates and demands to be fully met by 2012;
- Per capita availability of electricity to be increased to over 1,000 units by 2012;
- For dalits and people below the poverty line, a minimum lifeline consumption of one unit per household per day as a merit good by year 2012;
- Financial turnaround and commercial viability of electricity sector.

The "power for All by 2012" programme launched by the MoP in 2003 envisages the addition of 1,00,000 MW of generation capacity by 2012, electrification of all villages by 2007 and providing access to electricity for all households by 2012. However the new policy sets a new time limit of the next five years, to provide access to electricity for all households, which take the deadline to March 2010. Is it an advancement of the target by 2 years or a cover up for delays in completion of village electrification by 2007?

The policy presumes that there is paying power for electricity in rural areas. It may be in principle but in practice affordability is simply not there due to the “cost of supply ” approach will result in extremely higher tariff for domestic and other LT consumers. This cost of supply approach itself will go against the affordability of power so far as the paying capacity of the poor people is concerned. The philosophy of cost of supply does not permit the luxury of providing power infrastructure to remote villages where asset creation will come in fructuous due to non-paying capacity of the local people for electricity. The burden will be further passed on to the same class of consumers who is over-burdened with high tariff due to cost of supply .The target of rural electrification and decrease cross-subsidy are not compatible and is transforming rural electrification a propaganda placard degrading the whole affair a lip-service.

There is no talk of optimum utilization of energy resources in the policy document and it has failed to identify any specific policy initiatives that would address the key problem in the sector. The latest shortfall in coal availability projects 55 million tones of coal by 2006-07, ballooning to 115 MT by 2010-11, despite the fact that we are sitting on more than 91 billion tones of proven coal reserve. NTPC, our biggest power producer, is seriously considering large scale coal imports for its plants at pit-heads. A severe and unwarranted coal shortage is upon the country created by unrealistic coal distribution policy. According to this all coal requirements of power plants would be met through fuel supply agreements (FSA). The calculation of normative requirement is questionable when the quality of coal or the quantity of coal supply is not ensured by the suppliers. This is very badly affecting the energy balance of the country and the fixed cost recovery of the utilities.

What motivated the National Electricity Policy? While the Electricity Act: 2003 was more of a vision paper providing a legal framework for the neo-liberal policies in power sector, NEP is aimed at making that policy a reality. The Indian Electricity sector faces a crisis on many fronts. Unless we take a holistic view of the sector, we are going to see only the price rise and the well-off sections receive power. Medium class consumers will have to tighten their belt on consumption, contrary to the tall talks of raising per capita consumption to 1000 units, to taste technological developments. It will adversely affect both agriculture and industry. The GOI is indifferent to the promised review of the Electricity Act, 2003 (Under CMP).

The key areas of dispute are removal of subsidies & cross subsidies, unbundling, privatization, open access and urban rural divide, State Electricity Regulatory Commission and captive generation.

General perception is that present power reform programme is a 'bankrupt workout' with no social objective. The dictates of the so-called economic efficiency and profitability will leave little space for the public interest in the electricity sector. The World Bank itself describes reform as being possible only when it is politically desirable, politically feasible and credible (WB 1995). Even according to the report of Indian Institute of Public Administration there are five important factors for successful restructuring of SEB which are: 1. Political Commitment and support/policies statement 2. One or two highly placed champions for the reforms 3. Competent and professional consultancy support 4. Buy-in of the employees and staff 5. Financial restructuring plan (FRP).

In the meantime, the country suffers power cuts of very big scale which entails grave economic damage in all the branches of industry and provokes an intolerable situation for the users. Power cut and load shedding are going to be the order of the day. All these illustrate the total failure of the power reforms and governance in India.

All around the world, we notice the systematic weakening of the electricity systems due to the policies of deregulation, unbundling and Privatisation. The World Bank, the Asian Development Bank and the TNCs know their policies are failing, but they continue to impose them for their benefits- the benefits of imperialist forces.

As for electricity, it is subjected to the violence of markets as the huge breakdowns arisen in many countries. As shown by the case of California's electricity crisis, the financial and political costs of flawed reforms can be unacceptably high. Hence countries interested in reform, as well as international development and finance organisations, have to evaluate their options and policies toward the electricity sector.

To-day, the big losers of the energy battles are the most deprived inhabitants of the poorest countries, who even have no access to the electricity,. The disparities and the injustice prevailing in the world aggravate in a dramatic way, putting in danger, the world peace. The consequences of implementation of Electricity Act: 2003 will be denial of rights to electricity for the poor and village dwellers of India.

There are differing views and a degree of theoretical ambiguity in the economic literature on the effectiveness of Privatisation and competition in network industries on issues such as the relative efficiency of privately vs. publicly owned natural monopolies, and gains from competition vs. economies of co-ordination in

vertically integrated systems. Pragmatically, the benefits of each reform and restructuring must be more than that to compensate for the increase in transaction costs of unbundling vertically integrated systems.

Reformers have found the reform path more complex than anticipated, because electricity markets are characterized by the need for real time balancing of supply and demand (due to a lack of storage) and hence different from most other deregulated sectors. It is also clear that reformers underestimated the political difficulty in moving tariffs to cost-recovering levels.

In principle, a reform should be undertaken if it will have a positive welfare economic impact. However, governments do not necessarily conduct social cost-benefit analysis prior to reform and instead they tend to rely on less formal types of assessment.

The results of the Privatisation in the world are overwhelming. It is thus impossible to justify them. To cover in an effective way, the energy needs in respect for the populations is a major question for the economic and social development. Progress and energy always keep pace.

The NEP should be free from speculative logics. This policy should ensure sustainable development to the citizen of India. From the depictions above it can be well inferred that only if the power sector remains under public control respecting the federal polity of our country and the need to well knit integrated operations between generation ,transmission and distribution functions ,undertaking the social obligations

The energy workers have to have a say in framing the destiny of the power sector. Not only they deserve pay and salaries in par with central public sector, they deserve the reputation as far as the industry is concerned. Unfortunately their voice is being suppressed, curbed, eroded or denigrated those who are at the helm of affairs and even by those who are historically bound to uphold it. So it is to be understood by the employees of power sector that the reputation will not be granted by any body showing a begging bowl. It is to be captured by relentless and valiant struggles upholding the interest of the working class in general and electricity employees in particular. All around the world, where employees fight for their rights and their future, they succeed by way of hard work, honesty and improving work culture to get the support of working masses for the success in the agitation as well as to strengthen their organisation.

The Electricity Employees Federation of India and at times United Struggle under the National Coordination Committee of Electricity Employees and Engineers planned various forms of actions: local demonstrations, conventions and rallies in state capitals, general assemblies of staff, march before parliament, delegation to state governments and managements as well as to central government including memorandum and meeting with the Prime Minister of India, but of no avail. The government of India is forcing the electricity employees and engineers to adapt the path of agitation.

The only effective way to resist this foreign pressure of liberalizing is to mobilize the citizens in the defence of our public services. Our unions are to work together with people to resist the Privatisation.

#### 4 ACTIVITIES OF EEFI SINCE VTH CONFERENCE AT ANAPARA

- 4.1 W.e.f 30<sup>th</sup> August to 1<sup>st</sup> September, 2003, EEFI held its Vth Conference at Anpara Power Station (U.P) with delegates from all corners of India assembled in this conference. The conference critically examined the deficiencies and weaknesses of the Federation, Challenges to be faced, unity among electricity employees etc and resolved that the Electricity Act,2003 be repealed/replaced and a new law should be brought to uphold the dominant role of CEA to suit the federal set up of the country, SEBs and CPSUs in the interest of our National objectives "Power for all, Quality power on demand and power at affordable rates". The Electricity Boards should be kept intact as a single entity company/corporation till then to obviate the difficulties to the consumers, employees and the nation. The conference calls upon all the electricity employees of the country to involve in a massive campaigns and agitations exposing the evils of Electricity Act, 2003 and fight back joining with the people at large including peasantry to achieve the above goals.
- 4.2 The Electricity employees and engineers were mobilized on 2<sup>nd</sup> December,03 to observe a Back Day throughout the nation wearing black badges, burning effigy of EA,2003 at 5.00PM before workplaces including protest demonstrations to register protest against Electricity Act,2003 and Supreme Court's decision regarding snatching away Right to Strike.
- 4.3 Around 40 numbers delegates under the banner of Electricity Employees Federation of India participated in a seminar on "Right to Energy for All" on 17<sup>th</sup> January,2004 w.e.f 2.50 to 5.00PM at NESCO Grounds, Goregaon East, Bombay organised by IEMO and CITU. Highlights of the seminar that millions of households in developing world is still lack access to

Electricity/Energy addressing their needs poses a major challenge for developing country governments and for all other places in the energy sector. It focused on understanding the challenge of expanding access to energy for low-income households and community in developing countries.

- 4.4 A national convention of electricity employees and engineers was held at New Delhi on 8<sup>th</sup> February 2004 and after deliberations decisions was taken to support the entire struggle and appealed to the employees and engineers to participate in the 24<sup>th</sup> February 2004, National strike sponsored by central Trade Unions in the manner the affiliated organisations may decide. EEFI participated in the struggle also demanding the review of Electricity Act,2003 and against the opinion of the Supreme Court on “Right to Strike”.
- 4.5 A committee was constituted consisting of NCCOEEE Leaders to draft a memorandum to the Prime Minister for the review of Electricity Act, 2003. The memorandum was presented to the Prime Minister on 7<sup>th</sup> September, 2004 by NCCOEEE delegation consisting of Com. A.B. Bhardan, E. Balanandan, Akhtar Hussain, CP Singh, B.S.Meel, H.N. Mishra and Shailender Dubey. After 45 minutes meeting, the Prime Minister agreed to direct the Power Minister for interacting with the representatives of NCCOEEE for the review of EA, 2003.
- 4.6 A national convention of electricity employees and engineers was held at Delhi on 14<sup>th</sup> October, 2004 and decided to hold a National rally at Jantar Mantar on 10<sup>th</sup> December,2004 demanding repeal/review of EA,2003 stop unbundling and high level enquiry in Orissa and Delhi privatisation.
- 4.7 The EEFI conducted an independent action on 15 November 2004 by displaying a poster simultaneously at all the sub-stations/GSS/Power Stations demanding stop unbundling, affordable power to agriculture and industry.
- 4.8 A national rally of electricity employees and engineers was held at Jantar Mantar on 10<sup>th</sup> December,2004 where around 10,000 powermen participated among which our strength was 7000 and a delegation met the power minister on 21<sup>st</sup> December,04 who agreed to discuss the EA,2003.
- 4.9 A delegation of NCCOEEE met Power Minister of 10<sup>th</sup> March,2005 and submitted a five point charter of demands:1.Scrap the Electricity Act and review the electricity policy2. Stop restructuring SEBs and roll back the restructured and privatised SEBs 3. Improve the efficiency of the SEBs and turn them around through internal reforms with Government. 4. Resolve the problem of supply to rural areas, agriculture, small-scale industry and urban weaker section and 5. Protect the service conditions and terminal benefits of the employees. During the discussions with the MoP, the delegation tried to

convey the following concerns of the employee: That the dismemberment/unbundling of the SEBs and privatisation of successor organisations while retaining vertically integrated utilities in the private sector is neither in the interest of the electrical supply industry nor the nation. That the privatisation of the assets of SEBs as well as electrical loads will result in privatisation of profits and nationalisation of losses. That the electricity supply act and policy do not resolve the problem of supply to the rural areas, agriculture, small-scale industry and urban weaker sections. That the act does not protect the service conditions and retirement benefits of the employees. Unfortunately the Government of India is neither serious in stopping the restructuring and rolling back privatisation nor in reviewing the Electricity Policy. Therefore Electricity Employees and Engineers demanded that the above charter of demands be addressed if not the NCCOEEE will be forced for a nation wide strike in electricity industry on 31<sup>st</sup> and June 1<sup>st</sup> 2005.

- 4.10 NCCOEEE conducted a supportive action in favour of PSEB employees strike on 19<sup>th</sup> and 20<sup>th</sup> April 2005 by way of 2 hours walkout on each day in northern region and wearing black badges on both the days in the rest of the country which was conducted by affiliates of EEFI.
- 4.11 The EEFI also decided to give impetus in mobilising electricity employees all over the country to conduct visits of the office-bearers in the 22 states commenced w.e.f. 22<sup>nd</sup> April,05 to 15<sup>th</sup> May,2005 for proposed strike w.e.f. 31<sup>st</sup> May to 1<sup>st</sup> June'05.
- 4.12 The delegation of NCCOEEE met MoP on 2<sup>nd</sup> May,2005 and proposed 3 concerns listed below to be addressed before review of Electricity Act, 2003 is under taken: 1. Stop unbundling/restructuring of SEBs till the review is completed 2. Provisions of cross subsidy to be provided in the Electricity Act,2003 3. Discrimination between urban and rural areas be eliminated in the Electricity Act,2003
- 4.13** The power minister conceded the issues under item 2&3 but desired 15 days time to study the materials presented by us on the issue under Item 1 and will revert back government's opinion in the 17th meeting.
- 4.14 A Delegation of NCCOEEE met the Power Minister and the secretaries of the Power Ministry on 17 May,2005

NCCOEEE representatives submitted that EA,2003 is an attempt to change the basic objectives of the sector. Electricity sector is being recast to strip away all social objectives that has been built into the sector. What is being attempted is to make the sector "commercial and market driven". Unbundling of SEBs is only an Anglo-Saxon preference and internationally other models of reforms exist. While there is no conviction among states



that unbundling, corporatisation and privatisation of SEBs are imperative, the allure of large financial assistance is forcing the states to unbundle.

After detailed discussions following conclusions were reached and minister of power assured the following in black and white:

- 1) Government would consider taking suitable steps to address the concerns regarding the provision of elimination of cross-subsidies in the Act though in the opinion of the Government this issue has already been adequately addressed in the Electricity Policy. Suitable amendment in the Act would be considered.
- 2) Centre's role in the rural electrification activities would be suitably provided through an Amendment in the Act.
- 3) In accordance with provision of Section 172(a) of the Electricity Act, the date shall be extended for a period of 6 months beyond 9<sup>th</sup> June, 2005.
- 4) During the next six months, the Government of India shall continue the process of review of the provisions related to reorganisation/restructuring of SEBs in the Electricity Act, 2003 based on the status and impact of its implementation so far.  
Therefore the proposed strike notice was withdrawn.
- 4.15 An expert's committee was constituted on 24<sup>th</sup> June, 2005 in the meeting of office-bearers of EEFI to conduct study on impacts of restructuring of SEBs. The report of the committee will be forwarded to the government of India and will be published to trigger a national debate.
- 4.16 The Affiliates of Electricity Employees Federation of India participated in the 29<sup>th</sup> September, 05 National Strike sponsored by central trade unions. The other constituents of NCCOEEE except AIFEE extended moral support.
- 4.17 After the agreement of 17<sup>th</sup> Nov. 05 the MoP was not responding on the issue of review of EA, 2003 with NCCOEEE and on contrary the MoP (GOI) has entrusted "the study on impact of Restructuring of State Electricity Boards" to Indian Institute of Public Administration, New Delhi.
- 4.18 Expert's Committee constituted by EEFI and adopted by NCCOEEE submitted an interim report which was subsequently forwarded to Government of India on 7<sup>th</sup> December, 2005.
- 4.19 The constituents of NCCOEEE met and had threadbare discussion and a serious note was taken government's indifferent attitude on the issue of review of EA, 2003 and NCCOEEE under its state chapters conducted state level conventions in various states in the months of December, 05, Jan-Feb-

06 to mobilize the electricity employees and engineers to participate in a demonstration and rally at Jantar Mantar under the banner of NCCOEEE on 1<sup>st</sup> March,06.

- 4.20 A powerful march/rally of Electricity employees and engineers was held under the banner of NCCOEEE on 1<sup>st</sup> March,2006 at Jantar Mantar, New Delhi wherein it was made a point that amendments conceded by power ministry to bring in EA,2003 regarding keeping the provision of cross-subsidy as well as rural electrification taken as a central govt.'s responsibility are implemented. These are very major gains and should be popularized among the electricity employees for encouragement and stimulations for future mobilisations. For all practical purposes the participation in this rally was a mobilization mainly from affiliates of EEFI. The EEFI constituents should bear in mind that the responsibility rests on EEFI to mobilize the wider sections of working class as a class on such occasions.
- 4.21 NCCOEEE delegation met Power Minister and Power Secretary on 10<sup>th</sup> March,06 and submitted that though government attempted to put two successful examples of privatisation of SEB for the digestion of the people but incidentally Orissa and Delhi SEBs miserably failed to the extent that OERC's order regarding cancellation of order of licenses of BSES DISCOMS. The Govt. also allured that those states will qualify for mega project (cheap cost) electricity if they privatise the cities having population more than one million in their states. The MoP conceded that the review report of EA,2003 by IIPA will be brought forward by May'06 which will be subsequently reviewed with NCCOEEE and agreed to bring suitable amendments in respect of section 131 and 135 of EA,2003 to certain anomalies in respect of assets transfer.
- 4.22 A supportive action for PSEB employees on 2<sup>nd</sup> June'06 by way of Dharna/demonstration at circle head quarters as well as SEB head quarters in each state by affiliates of EEFI and the telegrams of protests against proposed unbundling of PSEB were addressed to the chief Minister, Punjab, Chairman, PSEB and MoP (GOI) expressing solidarity to the struggling PSEB employees. Protest before Raj Bhawan/Secretariat/SEB head Quarters on 8<sup>th</sup> June'06 as a supportive action for PSEB employees who were conducting one day strike against proposed unbundling.
- 4.23 The experts committee study report sent to Govt. by NCCOEEE was subsequently forwarded by govt. to IIPA to invite and hear the views of Coms. A.B. Bardhan and E. Balanandan and their representatives by way of an interaction before finalizing the report.

- 4.24 NCCOEEE Delegation headed by E. Balanandan met the IIPA on 25<sup>th</sup> July, 06 and held interaction with the IIPA study team and it surfaced that the impacts of reorganization of SEBs are deterioration in continuity, quality and reliability of electricity supply, besides eroding service to the consumer, increase of tariff for errant power supply, demoralizing the employees and generally worsening of the balance sheet of the power utilities year by year. Shri Abraham from IIPA side very much appreciated the contents of the study report and the views of NCCOEEE representatives.
- 4.25 EEFI participated in 14<sup>th</sup> December, 2006 National strike sponsored by Central Trade Unions with a clarion call to electricity employees to launch an effective action for awareness of general people regarding adverse impacts of EA, 2003 and National Electricity policy.
- 4.26 EEFI decided to conduct a Demonstration before parliament on 14<sup>th</sup> March, 2007 as an independent action for the implementation of the agreement on review of EA, 2003. In preparation for parliament demonstration for mobilization state level conventions were held in the month of January and February to launch vigorous awareness campaign highlighting anti-worker and anti-people impacts of Electricity Policy and EA, 2003 as well as the impacts on the growth of employment and economy of the country. A successful independent action of EEFI by demonstrating at Jantar Mantar, New Delhi was held on 14<sup>th</sup> March, 2007 in which 8,000 electricity employees participated. The demonstration was also greeted by Com.M.K. Pandhe, Chakradahar Prasad Singh, GS, AIFEE and Akhtar Hussain, GS, ABVMS. Since the study report entrusted to IIPA "on Impacts of Restructuring of SEBs" by MoP (GOI) which has already been published on 29<sup>th</sup> January 2007, we demanded from the ministry of power, GOI to convene immediately a meeting with NCCOEEE to discuss the impacts of SEBs and Electricity Act, 2003. The demonstration resolved to intensify struggle and facilitate inputs for Dharnas, Campaigns, state level conventions and a national convention with the agenda of national strike.
- 4.27 A National Convention was held at Ghalib Institute, Matasundari Road, New Delhi on 10<sup>th</sup> October, 2007 under the banner of NCCOEEE. The participants were around 400 numbers out of which 250 numbers were from EEFI. It was decided to launch a vigorous awareness campaign among people that new power policy adopted by the government after passing of EA, 2003 could not achieve the desired results but the reverse is happening. India is a country facing serious power crisis as power trading at peak hours goes upto Rs.7.50 per unit. It was also thought if we are serious we have to plan a big all India movement. Without serious movement the government will not agree to discuss with the trade unions, the review of the effects of

EA,2003. As per decisions of the convention a national protest action was held on 7<sup>th</sup> December,2007 by holding protest dharnas /rallies /conventions in the state capitals all over the country under the banner National Coordination Committee of Electricity Employees and Engineers demanding

1. Scrap Electricity Act, 2003 and in the meanwhile SEBs be kept as single entity.
  2. Restore unbundled/privatised SEBs
  3. Stop franchisee, privatisation and outsourcing in power sector.
  4. Add adequate generation capacity in public sector.
  5. Ensure affordable and adequate power to agriculture, domestic and industrial consumers
  6. Improve deteriorating working conditions of power employees and engineers
- 4.28 Electricity employees and engineers took part in the massive action country-wide on 7<sup>th</sup> December, 2007 and submitted memorandum on electricity Act, 2003 and state of deteriorating power position in the country to MPs, MLAs and Public representatives by 14 January 2008.
- 4.29 On 29<sup>th</sup> May,08 protest demonstrations in state capitals were held under the banner of Electricity Employees Federation of India as an independent action and submitted memorandum to governors in the name of prime Minister against unbundling of SEBs, Franchise, RGGVY and privatisation and liberalisation in power sector, as well as equal pay to contract workers.
- 4.30 NCCOEEE delegation had a meeting with Minister of Power, GOI on 29<sup>th</sup> May, 2008 and it was submitted that inspite of a clear letter written by Mr. P.M. Sayeed, the then MoP(GOI) confirming in writing in a letter dated 17.5.05 addressed to trade unions towards promise that mandatory date for unbundling of SEBs will be extended on the requests of State Govt.s till the EA,2003 is reviewed but now it is learnt that GOI has decided not to extend the dates as per section 172 (a) of EA,2003 even after written requests of state governments. This will be a total breach of agreement between national trade unions/Associations and the then Power Minister who assured in May 2005 that GOI in next six months shall continue the process of review of provisions related to the organisation/restructuring of SEBs in EA,2003 based on the status and impacts of its implementation so far. The minister was told that even after three years of assurance no review of EA,2003 in respect of restructuring of SEBs has been done. As far as impacts of restructuring of SEBs is concerned, it is very clear that the experiment of privatisation and unbundling of SEB has failed. In the meeting Minister

agreed to give three months extension on request of state govt.s and in the meanwhile a plan of review will be discussed. Government was also told in no uncertain terms that it is pressing for unbundling of SEBs by way of arm-twisting in releasing funds of APDRP and RGGVY.

4.31 It was also impressed upon the minister that even according to the report of IIPA there are five important factors for successful restructuring of SEBs as under:

1. Political commitment and support/policies statement
2. One or two highly placed champions for the reforms
3. Competent and professional consultancy support
4. Buy-in of the employees and staff
5. Financial restructuring plan (FRP)

However in all the cases of integrated SEBs , none of these five essential conditions were being met/fulfilled and so even if the ministry of power insists upon unbundling of the SEB, such a move was bound to result in failure.

4.32 A call given by several Central Trade Unions for a strike on 20<sup>th</sup> August,2008 was extended support by National Coordination Committee of Electricity Employees and Engineers in the power sector to participate in the entire struggle in the manner their organisations may decide. The affiliates of EEFI participated in the strike of 20<sup>th</sup> August,2008.

4.33 The electricity employees and engineers in the power sector under the banner of NCCOEEE held Dharna and Sathyagraha at Jantar Mantar, New Delhi on 5<sup>th</sup> September, 2008 at 11.00 AM to protest against the indifferent attitude of the ministry of power (MOP) regarding review of EA,2003 consequent upon availability of the report study on impact of restructuring of SEBs by IIPA . The participation was around 6000 numbers which was very encouraging. A memorandum was submitted to the Minister of Power, GOI indicating that inspite of numerous protests in forms of dharnas, rallies in last three years, govt. is proceeding ahead with World bank dictated power reforms in arbitrary way, ignoring the discussions with the representatives of NCCOEEE. The MoP (GOI) is did not learn any lesson from Dabhol Fiasco, or privatisation of Orissa power sector, but insist on implementation of world bank dictated power reforms giving Indian power sector more dose of the same medicine that cause problems. The IIPA report ignores geographical, physical, and prevailing social trends for electricity sector. The income of rural population is inadequate even to pay for subsidised grid supply. How it will afford to power rates decided by regulators on commercial basis with the profit as sole motive for power utilities. A request was made to MoP (GOI) to initiate the review of EA,2003 failing

which employees will be constrained to wage vigorous struggle country-wide.

#### 4.34 VOICE OF ELECTRICITY WORKER

One of the important task of the Federation is to give an intellectual leadership and co-ordination to all the affiliated and co-ordinated organisations. With this aim Voice of Electricity Worker was started. Right from the year of formation of EEFI, it was almost regularly published except last one year.

Proper attention on the circulation of the magazine and payment for the magazines distributed are not properly cared by the affiliated organisations. Self critically we have to analyze the weakness of the organisation and to find out a way to overcome this.

### 5 ORGANISATION

- 5.1 Our membership is about 2,00,000 representing 30 unions. We are yet to develop our affiliates in the state of M.P., Maharashtra, Karnataka, Gujarat, and Chattisgarh. Even in the states where EEFI is in dominant position there is a need for greater improvement, particularly regarding organizing contract workers. Organisationally we have to concentrate very much in areas where we had not yet organised workers and where already in existence we should further strengthen it.
- 5.2 We have to strengthen EEFI centre. In spite of 20 numbers office-bearers, the organisation could not pool together a team of four or five office-bearers to operate at all India Level in synchronized mode with EEFI centre, however at zonal level in Northern, Eastern and Southern Zones our office-bearers have contributed to some extent. In Western Zone our presence is nominal and special attention is required. In some states like Gujarat, Maharashtra and M.P. independent unions are keeping contact with us and these contacts are further to be strengthened. Our affiliated state unions have to play a leading role in strengthening EEFI centre as well as all India movement, as at present EEFI is nucleus in the National Coordination Committee of Electricity Employees and Engineers (NCCOEEE). Without a lead role from EEFI, today one cannot expect any meaningful all India agitation in power sector. Our experience of extending 4-5 spaces in the working committee strength to NTPC/Power Grid employees unions could not yield any substantial response in the working committee meetings or participation in all India agitations. The unions operating in our fold in CPSUs should increase their participation and integration with EEFI.

5.3 The membership subscription from affiliated union was fixed @ Rs.1/- per member per year since formation of EEFI in the year 1984. Although at last conference at Anpara the subscription was enhanced from Rs.1/- to Rs.3/-, what to talk of its implementation, even the remittance with the subscription of Rs.1/- is lacking except one or two exceptions. Without funds EEFI centre cannot be strengthened for a pivotal role in the national movement or NCCOEEE.

5.4 CONTRACTORISATION AND OUTSOURCING

Above situation warrants a radical change in our organizational and agitational strategy if trade union movement is to remain effective or even survive. Fact remains that majority of the contract workers are yet to be organised under trade unions. In public sector units, contract workers could be organised under unions at least partially but even wherever organised, their unions are yet to get effective cooperation of the unions of the regular workers who are better placed than the contract workers. In many places, the regular workers' unions in public sector have become a victim of rabid opportunism to remain indifferent on contract workers' basic demands. They are failing to realize that in the face of rapid decline in the number of regular workers in all the PSUs and increase in the number of contract workers, if the contract workers movement are not integrated with the regular workers' movement and if the regular workers' union fail to take up their cause seriously and visibly, their union itself will turn irrelevant. Under the present circumstances, in addition to the workplace initiatives, national level initiatives are necessary to fight the rampant contractorisation in various forms and defend the rights of the workers.

5.5 The meeting of the Office-bearers and working committee is at regular intervals and discusses the issues faced in the power sector and decisions taken.

5.6 The attendance in the meeting was with an average of 20%-30%. We need improvement in this respect.

6. TASKS AHEAD

6.1 In this challenging situation trade union movement has to educate the working class about the bankruptcy of the capitalist system itself. The present crisis itself is the direct result of the exploitive capitalist system which strive only to maximize profits of the capitalist class and ignores the improvement in the living standards of the vast masses living in the world. So long capitalism prevails, working class and the toiling masses cannot expect any basic improvement in their material well being. Whatever improvement in the working and living conditions of the working class and

the toiling millions could be achieved in the world, was the direct outcome of the sustained struggles launched by them. The present crisis situation has created favourable atmosphere to convince the working class the hard reality of the present social situation round the globe.

- 6.2 The common desire of the working class and the toiling masses to resist these attacks and protect their working and living conditions will prove to be a greater asset for the TU Movement. Under these circumstances the TU movement should rise to the occasion to play a historic role in leading the toiling masses to fight against the depredations of the capitalist system itself so that the working class can chalk out its destiny by successfully achieving social transformation that would lead to abolition of exploitation of man by man.
- 6.3 Although we could not stop liberalisation prescription of World Bank in the power sector but through our agitation and propaganda we could highlight adverse impacts of EA,2003 and Electricity Policy. The Chief Minister of Himachal has defended at HPSEB by stating “Therefore breaking HPSEB which is well manageable, into three separate entities/wings does not find any justification”. He further requested MOP (GOI) vide his letter dated 19<sup>th</sup> May, 2008 to “revisit the provisions contained in EA,2003 relating to reorganization of SEBs and get these amended suitably particularly section 172(a) in order to give required freedom to the State Governments to decide about continuance of their SEBs as such or otherwise and consent of Govt. of India in this regard may not be made mandatory which is the cases as of now.”
- 6.4 The world bank earlier this year came out with new and revised estimates national and global poverty, estimates that have attracted a considerable amount of attention besides “the developing world is poorer than we thought”. One in three of the poor people in the world who lived in India, they accounted for about 40 % of India’s population.
- 6.5 EROSION OF WORKERS’ SAVINGS IN PROVIDENT FUND
- 6.6 Owing to continuing inflation there has been drastic erosion in the net worth of workers’ savings in Provident Fund over the years. Despite repeated demand and persuasion by the workers representatives in the Central Board of Trustees of EPFO, the increase the interest rate on PF to arrest such erosion of the hard earned life time savings of the workers, the Govt is refusing to pay heed to same. The rate of interest on PF was decided at 8.5% ignoring the opinion of the workers. At 11.5% inflation, the value of the PF deposit has already got eroded by 3%. And the rate of inflation has been increasing relentlessly. For the first time after independence the net worth of PF deposits is becoming negative. Even for a status-quo and retention of the



same value of the money, at least 12% interest has to be paid. This is a simple arithmetical calculation even if we want to keep the real value of the deposits stable without declining. On the latest meeting of Central Board of Trustees held on 5th July 2008, Central trade Unions demanded that the interest rate on PF for the year 2008-09 should at least be made 12% to arrest such erosion of real value of the deposits. So, the interest matter for 2008-09 remains still undecided.

**6.7 The changed political situation, as of now, signals a further rightward shift in the ruling combine married with imperialist sponsored neo-liberal philosophy, which is going to be more aggressively and visibly demonstrated with their fangs and claws in the economic, social and political governance of the country in the days to come. In economic front the assault of privatisation and other neo-liberal measures of loot on the people both by Indian and foreign corporate and speculators lobby would mount with greater aggressiveness, and the working class which has been already at the centre point of attack will have to combat greater repression and onslaught. The rightward shift in polity would inevitably be accompanied with a greater bias against the people at large. This is how capitalism operates.**

6.8 This is the last year in office for the UPA government with general elections round the corner. The ruling classes will leave no stone unturned to push the correlation of forces in a more rightward direction. The campaign against the Left forces, of which the working class movement is the lifeline, will be more aggressive and malicious. The domestic bourgeois as well as the imperialist forces will lead this campaign. While targeting the Left, the communal and divisive forces will seek to fish in troubled waters and take advantage of the rising resentment among the people against the price rise, unemployment and other fall outs of the faulty policies. They will also try and utilize every occasion to whip up communal tensions.

6.9 The working class movement must discharge its political responsibilities by gearing itself up to effectively resist the political offensive from the rightwing forces and steadfastly fight the communal and divisive forces. At the same time it must intensify its struggles against every aspect of the neo liberal policy regime by ensuring the widest mobilisation of workers and people. This would help us to clearly vindicate the Leftwing position and combat the attack against the Left forces.

6.10 In order to discharge this crucial task more effectively to combat the offensive of the ruling class against the Left and the working class, the working class movement must have to widen its sphere of activities and intervention to develop a peoples' struggle against onslaught and depredation of capitalist order under close imperialist supervision. All in united Peoples mobilization against capitalism, neo-liberalism and imperialism has become crucial historic responsibility thrust upon the working class at this present juncture. Every action of ours must have to be linked with exposure of imperialism and divisive/communal forces. EEFI have to more effectively equip itself politically, ideologically and organizationally towards this goal.