Electricity Amendment Bill, 2020

What is the issue?

- The Electricity Amendment Bill 2020, recently drafted by the Union power ministry will amend the Electricity Act 2003.
- Due to this Bill, a big challenge lies ahead for Punjab that provides free power to the agriculture sector.

What does the Bill propose to do?

- The new bill has proposed providing subsidy on power to farmers through Direct Benefit of Transfer (DBT).
- This would be different from the prevailing 'free power' system.
- Experts and farmers say that under the garb of DBT, it is a move to stop the free power supply to them.

What is the current system of power subsidy for farmers in Punjab?

- At present, Punjab is supplying free power to 14.16 lakh electricity-run tube wells of the agriculture sector.
- These tube wells are getting power through 5,900 Agricultural Pump set Feeders (APFs).
- These APFs are metered and the Punjab State Power Corporation charges the state government Rs 5.26 per unit for consumed units recorded in metered APFs.
- There are no individual meters installed on every tube well in Punjab, which is among the first states to separate agriculture sector feeders.
- Farmers are getting power supply for their Kharif and Rabi crops from these feeders as per the recommendations of the Punjab Agriculture University (PAU).
- It is supplied for around 8 hours every day in Kharif season and 4 hours on alternate days during Rabi crop season.
- Punjab government pays Rs 6,000 crore power subsidy bill to Punjab State Power Corporation Limited (PSPCL) every year under its 'free power scheme' to the farming sector.

What would change under the DBT allowed under the 2020 Bill?

- Under DBT, farmers will have to pay the bill for the power consumed for

agriculture purposes.
- After that, they will get the subsidy in their bank accounts through DBT.
- A meter would be installed on every individual tube well.
- In Punjab, the consumption per tube well, having motors with power rating between 7.5 and 12 horse power (HP), is 8,000-9,000 units.
- So the annual power bill will come to around Rs 46,000 to Rs 48,000, and farmers are required to pay a bill of Rs 4,000 per month.
- In Punjab, 67% farmers come under the small and marginal categories with 1-2 hectares land.
- Paying bills in advance is not possible for them due to debt.
- If farmers don't pay their bills, the department will disconnect their connection.
- This could lead to several clashes in Punjab between PSPCL employees and farmers' unions as well as power theft.

Can it work like DBT on LPG gas cylinders?

- It may or may not, only time will tell, said experts.
- The bill suggests the subsidy be paid directly to consumers in cash on the pattern of LPG subsidy.
- This proposal should be tried in a pilot project and if results are encouraging, only then it should be included in the amendment bill.
- In the agriculture sector, free or subsidised power is being provided on the basis of a load of pump sets to consumers in every state without any provision of meter on the basis of fixed charges.
- It is impractical to provide meters on every pump set up across India and then give cash subsidy every month after the consumer has paid the bill.

How will it affect PSPCL?

- Currently, PSPCL is maintaining only 5,900 power meters installed on feeders.
- But as per the new bill, PSPCL needs to installed electricity meters on every tubewell.
- This will require at least Rs 1,200 crore along with 10% recurring charges on these annually.
- PSPCL needs to appoint more manpower to maintain it.
- It will be a huge burden on PSPCL too.

What do farmers' organisations think of this?

- **Protest** - Farmers' organisations say that if the Punjab government agrees to this bill, they will fight it tooth and nail.

- They ask, from where will poor farmers pay such heavy bills when they get income after six months following the sale of their crop.
- Farmers' organisations have planned to hold massive protests opposing the bill.
- **Data discrepancy** - Punjab government seems to be in favour of the bill when it says it will benefit 26 lakh farmers against the 10 lakh currently who own tubewells.
- According to PAU, there are around 12.50 lakh farming households in Punjab.
- Even if the division has taken place among the brothers, they share the water of the same tubewell connections, which are installed in their joint properties.

Source: The Indian Express

