Electricity (Amendment) Bill, 2025

Prelims: *Current events of national and international importance | Government policies and interventions*

Why in News?

The Union government is revising the Electricity (Amendment) Bill, 2025, after stakeholder pushback from regulators, consumer groups and state governments.

- **Aim –** To ***reform power distribution and improve the efficiency*** and financial discipline of distribution companies (discoms).
- **Amendment made to–** The Electricity Act, 2003.
- **Nodal Ministry –** Ministry of Power**.**
- **Key Provisions – Regulatory Reforms –** Greater autonomy to State Electricity Regulatory Commissions (SERCs) in tariff-setting.
- Reduced role of discoms in tariff determination.
- Stricter timelines and contractual discipline.
- **Competition –** Allows more than one company to operate in the same area using a common distribution network.
- Intended to improve service quality and reduce losses.
- **Subsidy Rationalisation –** Phased reduction of cross-subsidies.
- Subsidies to be delivered through *Direct Benefit Transfer (DBT) instead of tariff-based support.*
- **Discom Financial Discipline –** Tighter payment security mechanisms.
- Timely clearance of dues.
- Greater accountability in power procurement.
- **Renewable Energy provisions –** Alignment with Renewable Purchase Obligations (RPO).
- Penalty for non-compliance ranging from 35–45 paise per unit.
- Grid discipline linked with expanding clean energy targets.
- **Institutional Mechanism –** Proposes the establishment of an ***Electricity Council*** comprising Union and State power ministers to advise and

coordinate reforms.

Quick Facts
• Electricity is ***one of the eight core industries***. • Electricity generation (weight - 19.85 %) increased by 5.3% in December 2025 over December 2024. • **Global rank –** India is the *world's third-largest producer* of electricity, after China and the United States. • India's total installed electricity capacity has crossed **500 GW** (as of September 2025).

References

1. Down to Earth | Electricity (Amendment) Bill, 2025
2. PRS | Electricity (Amendment) Bill, 2025

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