

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](#)

