

Prepare for the Coming Revolutionary Storms !

Privatisation of Electricity Is against the Interests of Society

The Struggle of Electricity Workers Is Entirely Just

A collection of articles
published by the
Communist Ghadar Party of India
between May and August 2022



Communist Ghadar Party of India
New Delhi

www.cgpi.org

In the recent months, electricity workers throughout India have been opposing the moves to privatise electric supply. Some photographs of their struggles have been included in this pamphlet.



Jammu and Kashmir



Chandigarh

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National Convention of Electricity Workers Held in Chandigarh on 19 March 2022



National Convention against the Electricity (Amendment) Bill, 2022 Held in New Delhi on 2 August 2022

Publisher's Note

Workers of the electricity sector are waging a determined struggle against privatisation. Various federations and unions of the workers, including the engineering and technical workers, have come together under one banner to force the government to withdraw the Electricity Amendment Bill 2022 in its present form.

Workers of the electricity sector have pointed out that privatisation of electricity is against the general interest of society. On this basis, they have successfully won support for their agitation from amongst the consumers of electricity, i.e., the people of India. Opposition to the passing of this Bill was one of the important demands of the peasants during their year-long agitation against the three farm laws. Consumers of electricity have protested in all parts of India against the high electricity tariffs. Through their militant struggle in all parts of the country, the power sector workers have successfully thwarted various steps taken by the government towards complete privatisation of electricity supply.

This pamphlet is a collection of six articles against privatisation of electricity that were published by the Communist Ghadar Party of India (CGPI) in its website (www.cgpi.org) between May and August, 2022. They have been edited for publication. These articles prove that the claims made by the authorities to justify privatisation are false. They expose the fact that the monopoly capitalists are the driving force behind the privatisation program. They show that it is both necessary and possible to defeat the privatisation program.



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email: lokawaz@gmail.com
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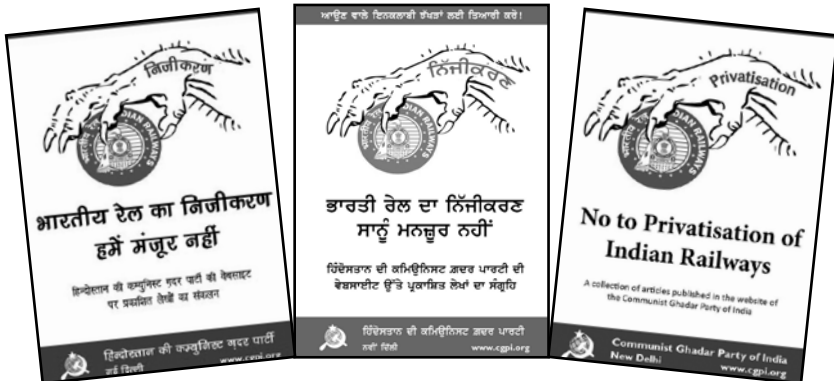
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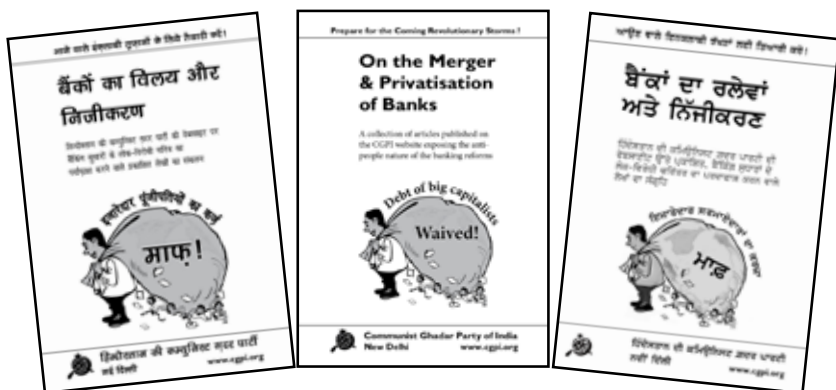
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The Struggle of Electricity Workers Is Entirely Just! Privatisation of Electricity Is Anti-people!

Electricity is one of the basic needs of human life. Earning private profit cannot be the objective of producing and distributing this basic necessity.

Lakhs of electricity workers have been waging a concerted struggle against repeated attempts to enact a law that paves the way for complete privatisation of electric power generation and distribution.

The Electricity Amendment Bill 2021 is the fourth such attempt of the government. Different versions of this bill have been prepared in 2014, 2018 and 2020; but it is yet to be tabled in Parliament.

Electricity workers organised protest demonstrations all over the country in August 2021, protesting against



Privatisation of Electricity Is Anti-people!

the Electricity Amendment Bill and the entire program to privatise electric supply.

Protests against privatisation have been and are continuing at the state level, as in Maharashtra, Tamil Nadu, Uttar Pradesh, Bihar and several other parts of the country.

Workers in Chandigarh went on strike in February 2022 against privatisation of electricity distribution, crippling electric supply in this joint capital city of Punjab and Haryana.

Electricity board workers in Jammu and Kashmir organised a mass boycott of attending to faults in December 2021. This brought the Central Government



Tripura

hurriedly to the negotiating table and agree to postpone its plan to privatise electricity supply in this union territory.

In the face of mass opposition and strikes by the electricity workers all over the country, the central Cabinet has kept postponing the tabling of the Electricity Amendment Bill in Parliament.

In this 21st century, nobody can deny that electricity is one of the basic needs of human life. It is impossible to get even basic education without electricity. This is a fact which is being repeatedly stated by the workers' unions.

Access to electric supply is an essential need of all human beings in this day and age. It is a universal right. Hence it is the duty of the State to ensure adequate and reliable supply of electricity at affordable rates to all. Privatisation of electric supply amounts to the abrogation of duty by the State. It is a violation of the fundamental right of all households to have access to reliable electric supply at affordable rates.

The Government of India is refusing to discuss this issue with the workers' representatives. It shows that the bourgeoisie has no credible answer to the irrefutable arguments of the workers against privatisation of electricity supply.

The privatisation program began in the 1990s in the sphere of power generation. Long-term power purchase



agreements were signed by the authorities with various private companies, Indian and foreign. It led to huge private profits for the monopoly capitalists who invested in power generation. It led to a large increase in the price that state electricity boards had to pay for power. This in turn led to a steep rise in the rates which farmers and urban workers had to pay for electricity.

The spokespersons of the Central Government and various bourgeois economists claim that privatisation of electricity distribution will give customers the freedom to choose between different companies. They claim that it will bring in healthy competition, which will lead to more efficient and reliable power supply at affordable rates.

The experience with privatisation of electricity distribution so far does not support the claims of its proponents. Mumbai city, for instance, has two private companies and one public company supplying electric power; and power rates in the city are one of the highest in the country. In Delhi, different zones are under the control of two different companies, owned by the Tata and Reliance monopoly houses. Individual households do not have any choice whatsoever. They are at the mercy of one private monopoly or the other.

The Electricity Amendment Bill aims to create the opportunity for private companies to enjoy high profit rates with low risk, without the need to advance their own capital to invest in infrastructure. It includes a clause which states:



“A distribution company shall provide non-discriminatory access through its distribution system to all distribution companies registered within the same area of supply...”.

This means that the huge network built with public funds, which are under the control of the state electricity boards, will be made available to the big capitalists, practically for free.

The workers' unions have repeatedly pointed out that this Bill is tailor-made to serve the interests of private companies, at the expense of workers, peasants and other low-income consumers. Deregulation of electricity distribution means freedom for capitalist companies to choose their customers and freedom to charge higher rates.

Kisan unions have joined hands with workers' unions to oppose the Electricity Amendment Bill. They realise that electric power for running their water pumps will become very expensive.

Workers of state electricity boards have started to educate urban households about the harmful effects that privatisation of both power generation and distribution will have on them.

The struggle of the electricity workers deserves wholehearted support by the workers in all branches of the economy. It deserves to be supported by all those who care about the future of our society, which



is at present being dragged along a dangerous course by the monopoly capitalists and the parties which do their bidding.

The fight against privatisation is a fight of workers, peasants and other toiling people against the bourgeoisie, headed by the monopoly houses. The struggle has to be waged with the perspective of liberating society from being dominated by the greed of profit hungry monopoly capitalists. This requires the working class to take political power in its hands, socialise the ownership of the means of large-scale production and reorient the economy towards fulfilling all essential needs of dignified human life of all members of society.



Hyderabad, Telangana

Crisis of Electricity Supply and its Real Cause

Large parts of the country are facing severe power shortage as thermal power plants do not have sufficient coal to produce the required power. The monopoly controlled media is creating confusion about who and what is responsible for the power shortage. The public sector undertaking Coal India Limited (CIL) is being blamed for not producing adequate coal and the Indian Railways is being blamed for not ensuring quick transportation of the coal to the thermal power plants. The Power Minister has blamed the war in Ukraine for the crisis, but the crisis was already there in October 2021, before the war.

The privatisation of electricity generation and coal production is at the root of the crisis.



Privatisation of Electricity Generation

As a result of the program of privatising electricity generation, as of March 2022, 49% of the installed generation capacity for electricity in India is now in the private sector.

Many thermal power plants owned by private monopolies run on imported coal. In the past few years, coal prices have shot up in the international market.

Driven by the desire for maximum profits, the monopoly capitalists owning such imported-coal based thermal electricity generation plants refused to generate electricity and supply it to the government owned electricity distribution companies according to previously agreed upon rates. They deliberately created a power shortage. To justify their sabotage of electricity generation, these monopoly capitalists have carried out a relentless propaganda campaign through the media that they were running at losses and that the government should increase the price paid to them by state electricity boards.

On May 6, the government invoked Section 11 of the Electricity Act, whereby it asked all imported-coal based power projects to generate electricity. Simultaneously, the government order addressed the demand of these monopoly capitalists, that the state ensure guaranteed profits to them for generating electricity. It announced that the new



Kothgudam, Telangana

tariffs for electricity produced by thermal power plants operating on imported coal will be worked out by a committee constituted by the ministry of power, the Central Electricity Authority, and the Central Electricity Regulatory Commission.

India has the capacity to produce 17,600 MW of electricity from the imported coal based power projects. However, only 10,000 MW are operational. The capitalist owners claim that cost of imported coal has risen so much that they cannot make profits if they have to supply electricity to the distribution companies at the earlier agreed upon rates. With the government fulfilling their demands for a rate increase, power plants of ESSAR Power, Coastal Energen, CLP India and IL&FS TN Power Co. Ltd. (ITPCL), in states such as

Gujarat, Andhra Pradesh and Tamilnadu, are expected to increase electricity generation in their plants.

Meanwhile, two big imported-coal based companies, Tata Power and Adani Power, which had shut down operations two years ago, refusing to supply electricity to the state distribution companies at the previously agreed upon terms, are now expected to restart electricity generation.

All these plants will supply electricity to power purchase agreement holders at the new rates that will be set by the government.

The monopoly capitalists in the power sector are going to make massive profits at the cost of the consumers.

Privatisation of Coal Mining

In April 2022, the state-owned Coal India Limited met 100 % of its target output of coal. However, the private companies owned by the Adani, Jindal and Birla monopoly capitalist groups produced less than 50% of their target output.

With these monopoly capitalists in the coal mining sector operating their mines at less than half their capacity and monopoly capitalists in the thermal electricity generation sector stopping import of coal,

citing high prices, a shortage of coal to operate the thermal power plants was created.

These monopoly capitalist companies wanted to create a shortfall of electricity generation, in order to demand higher tariffs for electricity generated by their companies and in order to push for import of coal from the captive mines they own abroad.

Over the past decade and more, some of the biggest monopoly capitalists who own power generating companies have purchased coal mines abroad. Tata Steel has invested in coal mines in Mozambique and Tata Power has invested in coal mines in Indonesia. Adani has major investments in coal mines in Australia and Indonesia. Jindal Steel and Power and Essar Energy have both invested in coal mines in Mozambique. The GVK group has investments in coal in Australia. All these monopoly capitalists are making huge profits by selling coal from these mines to India.

Earlier in April, the Union government announced that all thermal power plants in India, including government owned plants, must use at least 10% of imported coal to blend with coal produced by Coal India Limited. This was followed by state governments announcing plans to import coal. Maharashtra announced it would import 10 million tonnes. Gujarat ordered one million tonnes. Tamil Nadu announced it would import 1.5 million tonnes and will use 20% of imported coal in its thermal plants.



These three states account for one third of electricity demand in the country. The central government has asked the state governments of Karnataka, Uttar Pradesh, Madhya Pradesh, Punjab and Haryana to import a total of 10 million tonnes of coal. Punjab has agreed to import 6.25 lakh tonnes.

The decision to import coal on such a massive scale is being presented as a necessity. The government claims that it has no choice, because adequate supply of coal is not being produced by Coal India Limited.

The truth is that successive governments have been deliberately pursuing a policy of privatising and liquidating Coal India Limited. This is being done to benefit capitalist monopolies in the coal mining and energy sector. However, the heroic struggle of coal workers against privatisation has put a spoke in the plans of the capitalists.

Rising coal imports is expected to lead to a major hike in the international market price of coal, as India is the second largest importer of coal in the world.

The Indian capitalist monopolies who own captive coal mines abroad will make massive profits. The people of India will be made to pay for this, by paying a much higher tariff for electricity. By forcing all thermal power plants, including government owned ones, to buy imported coal, the government is fulfilling the greed of the monopoly capitalists.

Rail Transport

The monopoly controlled media is also blaming the Indian Railways, for allegedly failing to ensure timely transportation of coal to the thermal power plants.

The truth is that the rail workers, toiling day and night, have actually been ensuring that coal is transported in the shortest possible time, from the mines to the power plants.

The railways are using 113,880 wagons — 86% of the total number of open wagons — to transport coal. Daily about 28,470 wagons are being loaded. To ensure speedy transportation, three to five trains are being sent one after the other in quick succession, from 122 locations in the coal producing states of Chhattisgarh, Madhya Pradesh, Jharkhand and Odisha. Each coal train has about 84 wagons. In order to ensure speedy movement of coal trains, the railways has cancelled many passenger and express trains.

In 2021-22, the Railways transported 653 million tonnes (MT) of coal, around 20.4 per cent higher than in 2020-21. Of the 653 MT of coal transported by the railways, around 83 per cent, or around 540.4 MT, was to thermal power plants. Despite the false propaganda of the supporters of privatisation, rail workers have been doing an excellent job of transporting coal from the coal mines in the current crisis.

Conclusion

The current power crisis has been created by the greed of capitalist monopolies to rake in maximum profits at the cost of the masses of people. The crisis is a result of the present orientation of the economy, which is to fulfil capitalist greed instead of human need. It is a result of the program of privatisation of electricity generation and coal mining, which is aimed at converting these essential branches of social production into sources of maximum private profits for the Indian and foreign monopoly capitalists.



Vijaywada, Andhra Pradesh

Historical Evolution of Electricity Supply in Independent India, 1947 to 1992

The official position regarding the generation and distribution of electricity in our country today is the opposite of what the Government of India declared in 1947. It was proclaimed at that time that the State should take full responsibility for providing electricity to everyone and all over the country, at an affordable price. Why has the policy for the power sector been completely reversed? To address this question, it is necessary to study the history of evolution of the



Nalgonda, Andhra Pradesh

power sector within the context of the evolution of the bourgeoisie and the capitalist system in our country.

When India became independent in 1947, the country had a power generating capacity of just 1,362 MW. Generation and distribution of electricity was carried out primarily by private companies. Electricity was available only in a few urban centres. Rural areas and villages did not have electricity. Rapid growth in generation and distribution of electric power sector was a necessity for further development of capitalism in all spheres of the economy.

The policy for the power sector adopted after 1947 was formulated in line with the vision document called the Bombay Plan, which was drawn up by the Tatas,

Birlas and other big business houses in 1944-45. At that time, even the wealthiest of Indian capitalists did not have adequate capital to invest in energy, heavy industry, and other infrastructure required for industrial growth. They proposed that the central government should use public money to set up basic infrastructure, including the generation, transmission and distribution of electricity. The big capitalists would concentrate on consumer goods where the capital requirement is low and expected profits are both high and quick.

The Electricity Act of 1948 was based on the recommendations of the Bombay Plan. State Electricity Boards (SEBs) were formed in all the states of the Indian Union. They were made responsible for the supply of electric power within the territory of that state.

In addition, the Act of 1948 also allowed private licensees to distribute and/or generate electricity in the specified areas designated by the concerned State Government/SEB. This ensured that the Tata group, which was generating and distributing electricity in Mumbai, and the Goenka group distributing electricity in Kolkata, could continue their operations and grow along with the state sector.

The Industrial Policy Resolution of 1956 reiterated that the generation, transmission and distribution of power would be almost exclusively in the public sector. A huge amount of public funds was invested in setting up generation plants and transmission lines

by central government owned companies – namely, the National Thermal Power Corporation (NTPC), National Hydro-electric Power Corporation (NHPC), National Power Transmission Corporation (NPTC) and Power Grid Corporation (PGC). Bharat Heavy Electricals (BHEL) was established to manufacture power generating equipment.

The policy of relying on state-owned companies continued as long as the Indian monopoly capitalists benefited from it. In the 1980s, there was tremendous pressure on India from the western imperialist states, operating through the World Bank and IMF, to reduce import duties and ease restrictions on foreign capital investments. The Tatas, Birlas and other business houses had built up their domestic empires by restricting foreign competition. They now recognised the need to lift those restrictions so as to become globally competitive. However, they did not want to open up the Indian market too rapidly. They adopted a policy of gradual opening up of the economy to foreign goods and foreign capital.

The 1990s began with major abrupt changes taking place on the world scale, accompanying the disintegration of the Soviet Union. The tide of world revolution turned from flow to ebb. The development of capitalism in our country had reached a stage when Indian monopoly houses had started viewing foreign capital investment in the country as a factor that could

accelerate their own global expansion. This change in the outlook of Indian monopoly capitalists led to their open embracement of the program of globalisation, through liberalisation and privatisation, in 1991. They abandoned all pretence of building a socialistic pattern of society. Monopoly capitalists repeated the imperialist mantra that everyone must fend for oneself in the market, and the State is only responsible for creating a favourable investment climate, which means a climate favourable for capitalists of any country to invest and reap maximum profits.

Having used the public sector to build up their private empires, the monopoly houses decided that the time had come to grab hold of public assets at a discount, to further expand their private empires. Having built up their industrial base by restricting foreign competition, they decided that it was time to lift those restrictions in the interest of becoming globally competitive.

In sum, the maximisation of private profit in the hands of the wealthiest monopoly capitalists has remained the overriding motivation of government policies, laws and regulations in post-colonial India.

In the early decades, the policy of creating and expanding state-owned companies served to create the infrastructure for industrialisation, so that the industrial houses could dominate the market for manufactured consumption goods and reap maximum profits. In the

present period, the pursuit of maximum monopoly profits is being served by the agenda of globalisation, through privatisation and liberalisation.

It is the interests of monopoly capitalists which dictated the policy of the State taking total responsibility for power generation to distribution in 1948. It is once again the interests of monopoly capitalists which have dictated the program of privatisation since 1991. When they could not afford the required investments they wanted public funds to be invested in the power sector. Now that they have amassed wealth enough to be amongst the richest of the world, they want the state-owned companies to be handed over to them.



Vijayawada, Andhra Pradesh

Privatisation of Electricity Generation – False Claims and Real Aims

With the launch of the Independent Power Producer (IPP) Policy in 1992, the generation of electricity was thrown open to Indian and foreign capitalists. Prior to 1992, the generation of electricity was an activity reserved for the public sector.

It was claimed by the Government of India that the entry of the private sector would ensure that there would be no shortage of power. It was further claimed that power supply would become more reliable and available at a lower price.

After 30 years, neither has shortage been eliminated nor has electricity become cheaper. In the last 12 months,



the country faced two power shortage crises, in October 2021 and in April-May 2022. Even now, farmers get power only at night for running their irrigation pumps.

Electricity was bought and sold at as high a rate as Rs 20 per unit during the October 2021 crisis!

Even after 25 years, nearly 20 crore people did not have access to power in 2017, according to a World Bank Report. India ranked 80th out of 137 countries in the reliability of electricity, according the 2018 Global Competitiveness Report.

Indian monopoly capitalist groups have been the biggest beneficiaries of the IPP policy. Private companies owned and controlled by the Tata, Adani, Anil Ambani, Jindal, Goenka, Torrent and some other groups own nearly half of the power generation capacity of the country today.

These monopoly groups are now eyeing efficient state-owned generating plants. However, the program to privatise public generation plants is facing strong opposition from the power sector workers.

When the Maharashtra government wanted to hand over the operation of hydel power plants to private companies, electricity workers including engineers unitedly opposed it. As hydel power plants are the cheapest source of power, their privatisation would have hurt both the state-owned distribution company (Discom) and the people of

Maharashtra. A similar struggle was waged by the Andhra Pradesh power workers when the state government proposed handing over the running of Sri Damodaram Sanjeevaiah Thermal Power Station on a long-term basis to a private company.

Once the power generation was delicensed, capitalists rushed to set up power projects, and as they were assured of profitable sale by long-term Power Purchase Agreements (PPAs). Within two years of the announcement of this policy in 1992, as many as 138 MOUs were signed for power projects by capitalists. The capacity of these projects exceeded the entire installed power capacity of the country!

PPAs were entered into for long durations of up to 25 years for the purchase of a fixed quantity of power. This required the state electricity boards to estimate the power demand over the next 25 years. The demand was often over-estimated to justify the PPAs. In several states, contracted capacity is 30% in excess of the peak demand. Maharashtra, for example, had PPAs for 37,896 MW of supply, when its peak demand was only 22,516 MW. Similarly, in Tamil Nadu the peak demand was only 14,223 MW but the Electricity Board had signed PPAs for 26,975 MW.

By 2017-18, the country had around 334,000 MW of installed capacity, of which 291,000 was under long-term PPAs. The peak demand in that year was only 164,000 MW.

The central government advised the Electricity Regulatory Commissions to fix a 'remunerative' power tariff on a "cost plus profit" basis. The guaranteed rate of profit for tariff fixation is presently 15.5% for thermal power and 16% for wind and solar energy based plants. This is the post-tax return on equity. The guaranteed rate of profit for private power generators is much higher than the average rate of profit for Indian industry. The government claims that it is necessary to offer such a rate in order to attract private investments in power generation.

PPAs generally have a provision that even if no power is drawn, a minimum charge has to be paid to the generator. So, a private generator earns without selling any power while state electricity boards pay them without consuming any power. This is required by the PPAs.

A typical example is of Madhya Pradesh whose distribution companies paid Rs 12,834 crores as 'idle capacity charges' without availing of any power supply from the private generating companies in the period 2016-17 to 2020-21.

Thus, the PPAs have ensured that private companies of the monopoly capitalists kept making profits, while state-owned companies bled.

The government went out of its way to help Indian and foreign monopoly capitalists. In the first few projects, the central government even agreed to pay to the

private power company if there was a payment default by the SEB.

The first big private power project in the 1990s was by an American monopoly called Enron. The Enron project in Maharashtra fully exposed the anti-people and anti-social character of the privatisation program.

The Enron project was opposed by power workers and by various organisations of the people from the day it was proposed. As the project was based on imported petroleum fuel, the cost of power generated was going to be many times more than the power rate prevailing at that time. The capacity proposed was much more than the requirement of the state. The project would have made the Maharashtra State Electricity Board bankrupt. People had serious concerns related to environmental damage and the jump in their power bills.

When the plant started in 1999, MSEB was forced to buy 2000 MW power even though it did not need it, at as high a price as Rs 7.80 for a unit. The consumers would have paid Rs 11 per unit for power. Both power workers and people intensified their opposition and forced the state government to cancel the PPA with Enron. MSEB is reported to have lost Rs 3,360 crore in the process.

The Andhra Pradesh government estimated in 2019 that it was incurring additional expenditure of Rs 2,200 crore annually due the PPAs signed during the previous

five years. However, the Union government said that it could not review the PPAs and renegotiate them. “Power purchase agreements are contracts binding on all signatories. If the contracts are not honoured, the investments will stop coming. For the above reasons, it will be wrong and against the law to cancel all the PPAs”, the Power Minister wrote to the Chief Minister.

On the other hand, monopoly capitalists have been allowed to violate the PPAs. When imported coal-based plants of Tata and Adani on Gujarat coast asked for revision in power price due to rise in coal price, it was permitted ignoring the terms of the contract. More recently, when coal prices shot up due to the war in Ukraine, these plants refused to honour their PPAs and closed their plants saying the power price given to them was not enough to cover the cost of production.

It is obvious that the real aim of PPAs has been to make power generation a low risk business with guaranteed profits for monopoly capitalists. PPAs have led to deterioration of finances of state-owned generation and distribution companies, thereby preparing the ground for their privatisation. Profits of capitalists have been ensured at the cost of workers and other toiling people, who are paying more and more for electricity.

Privatisation of Electricity Distribution – False Claims and Real Aims

Nearly 27 lakh (2.7 million) electricity workers are threatening to go on strike across the country if the government tables the Electricity (Amendment) Bill 2022 in parliament. The electricity workers are demanding that the government abandon its plans to privatise electricity distribution.

The Electricity (Amendment) Bill 2022 proposes to compel state-owned distribution companies to provide their network of power cables to private companies at a nominal fee. Electricity distribution networks built with

public funds are to be offered almost free for capitalists to use, so that they can pocket maximum profits from the business of distributing electricity.

The Bill also proposes to end supply of subsidised electricity. Every customer should be charged full rate, without subsidy. Any subsidy to be given to a category of customers should be provided by the state government through the Direct Benefit Transfer (DBT) Scheme, as is done in case of LPG cylinders. This will directly affect crores of farmers who have been opposing the Electricity Amendment Bill. They were assured by the central government at the time of repeal of the three Farm Bills that the electricity bill would not be amended without consulting them.

The advocates of privatisation of electricity distribution claim that it will bring in healthy competition, which will lead to more efficient and reliable power supply at affordable rates. Life experience so far does not support these claims. In Odisha, the first state where this program was implemented, the entry of private distribution companies did not lead to any improvement in efficiency or reduction in operational losses. Mumbai city has two private companies and one public company supplying electric power; and power rates in the city are one of the highest in the country.

The proponents of privatisation of electricity distribution claim that it will give customers the freedom to choose

between different companies. In Delhi, different zones are under the control of two different companies, owned by the Tata and Reliance monopoly houses. Individual households do not have any choice whatsoever. They are at the mercy of one private monopoly or the other.

The same is the case in Mumbai where Adani Power and Tata Power supply electricity in the same area. Tata Power uses Adani Power's network. This has not benefitted the customers in any way. On the contrary, the two monopolies have made electricity the most expensive in the country with rates of Rs 12 to Rs 14 per unit. The claim that privatisation of distribution would give consumers freedom to choose the supplier is false and made only to win the support of customers for privatisation.



Union Territory of Chandigarh

One of the justifications given for the privatisation of electricity distribution is that it would bring down distribution losses and improve collection of bills which would make electricity cheaper. A major reason for high distribution losses in the country is that state owned distribution companies have been deprived of funds to replace out-dated equipment and maintain and upgrade their present distribution infrastructure. Since private distributors are going to use the existing infrastructure of state-owned distribution companies only, the distribution losses cannot be brought down by privatisation. So, this too is a bogus claim.

The program of privatisation of electricity distribution has been on the agenda for the past 25 years or so. It has faced such widespread resistance, from peasants in the villages to working families in the cities, that the ruling class has found it to be one of the most difficult components of the privatisation program.

Starting in the middle of the 1990s, the Central Government allowed the World Bank and its so-called expert team to conduct policy dialogue with various state governments on how they should reform their state electricity boards. The aim was to create space for private companies to take over different parts of the business from the state electricity boards.

The first step in this program was to break up the state electricity boards into separate entities in charge of

generation, transmission and distribution. It was called ‘unbundling’. The aim was to make it possible for monopoly capitalist companies to acquire the different parts, one at a time.

Electricity workers could see that the breaking up of state electricity boards was the first step towards privatisation. The decision of the UP government in 1999 to carry out such unbundling met with strong opposition from workers. All the unions came together and more than 80,000 power workers struck work in January 2000. Their repression by the state government angered power workers in other states and they all struck work for a day in solidarity.

The Electricity Act 2003 provided the legal framework across the country for the unbundling of state electricity boards and the setting up of regulatory commissions in each state. Electricity workers continued to resist these changes. Even after 10 years of the promulgation of the 2003 Act, many states were not able to unbundle their electricity boards. Workers in Kerala and Himachal Pradesh succeeded in stopping the break-up into multiple entities. In each of these states, the Electricity Board was converted into a single corporation looking after generation, transmission and distribution.

State electricity boards have been in a poor financial condition for a very long time. The integration of electricity distribution within the administrative apparatus of state governments had led to high

levels of corruption. Power was being supplied to privileged customers without raising any bill, or bills were raised but not collected. Privileged customers were not disconnected for not paying their bills. Those with political influence could get away with looting the state electricity boards. Moreover, the lack of funds for replacing out-dated equipment was leading to ever increasing transmission and distribution losses.

The monopoly capitalists decided that the state should not invest public funds and administrative energy in addressing the poor financial condition of the majority of state electricity boards. Instead, they decided to use it to argue for privatisation of power distribution. This decision, taken in close consultation with the World Bank, has led to the further wrecking of the finances of state-owned distribution companies. Most of them have by now accumulated huge arrears of payment from state governments and city bodies for supply of electricity. They are forced to borrow every year to manage their operations. They are sinking into a debt trap from which they cannot extricate themselves.

The critical situation of state-owned distribution companies is being exploited by the monopoly capitalists to get access to the already established network of state electricity boards. The acquisition of such infrastructure at low prices would save them time and the capital required for creating a vast new infrastructure for distribution.

Electricity distribution in India comes under the concurrent list. That means that both Central and state governments can legislate on it. The Central government has used its powers to push for privatisation of electricity distribution in the Union Territories. Several state governments have carried out privatisation of electricity distribution to a greater or lesser extent. The monopoly capitalists are impatiently demanding that the Central Government pass a law applicable to the whole country which will allow them to easily take over the electricity distribution networks of the State electricity boards.

The Electricity Amendment Bill 2022 addresses these needs of the monopoly capitalists. It addresses their



Patna, Bihar

need to use the already established public infrastructure to distribute power and make huge profits with very little investment. It addresses their demands for cutting back on power subsidy to farmers and to poor urban households. It has met with widespread opposition from masses of workers and peasants.

The decision of the central government to privatise electricity distribution in the Union Territories of Chandigarh, Puducherry, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep met with staunch resistance of workers and consumers. In these Union Territories, the claim of offering a choice of the suppliers to customers has been forgotten and the distribution is being handed over to one or another private monopoly.

Workers have successfully stalled so far, the privatisation of electricity distribution in Chandigarh by repeated strikes in February 2022. They sought the support of customers by pointing out that electricity rates in the union territory are among the lowest in the northern region but the government wants to sell the whole department to Goenkas who sell electricity at three times the Chandigarh rate in Kolkata.

A similar struggle was carried out by power workers and engineers of the union territory of Puducherry in Feb 2022 which forced the government to assure that no privatisation will be carried out without consulting them. As the government is now going back on its

assurance, workers have resumed their agitation against privatisation.

In the Union Territory of Jammu and Kashmir, privatisation was attempted by first forming a joint venture of the state transmission utility of electricity with Power Grid Corporation and later handing it over to a private company. In December 2021 the power workers and engineers of Jammu and Kashmir demonstrated their steely unity in agitation. They succeeded in putting an end to this anti-people attempt with the support of the people of Jammu and Kashmir.

The struggle is intensifying against the privatisation of electricity distribution. The efforts of the power



Puducheri

sector workers deserve wholehearted support from all other workers, peasants and other toiling people. It is a common struggle directed against the monopoly capitalists and their agenda of privatising public assets and services to fulfil their greed for maximum profits.



Jammu and Kashmir

Electricity Is an Essential Social Need and a Universal Human Right

The class struggle that is going on over electricity is about who should own this vital productive force and what should be the aim of its production and distribution. At the centre of the conflict is the very definition of the role of electricity in society.

On one side are the advocates of privatisation, a program aimed at making the supply of electricity a source of maximum profit for private power companies. On the other side are the workers and broad masses of people who are insisting that electricity is an essential necessity for fulfilling the growing needs of the whole of society, and it is a universal human right.

Nobody can deny that electricity is an essential necessity for society to survive and progress. Electricity is needed to run modern industries and mines. It is required for pumping water through pipes and from under the ground. Most activities in the economy and in social life are dependent on electricity. It is not without reason that the per-capita consumption of electricity is considered an indicator of the level of development of a country.

It is also indisputable that electricity is a basic need of every human being in modern society. It is needed to light up homes. It is needed for internet connectivity. The Corona virus pandemic has clearly shown that those who do not have electricity at home cannot have access to even basic education. Along with food, shelter, basic education, health care and safe drinking water, access to electricity at home is a universal human right.

Defining electricity as a right that belongs to all human beings means that the State is duty bound to ensure its availability at affordable rates for all. Privatisation means to hand over the task of supplying electricity to private companies. It means that the State is abrogating its duty. It is violating human rights.

The program of privatisation is motivated by the aim and vision of converting both the generation and distribution of electricity into sources of maximum profits for privately owned companies. This is totally incompatible with the aim and vision of the working class and all of



Pune, Maharashtra

progressive humanity, which is to continuously expand electric supply to ensure the fulfilment of the ever-growing material and cultural requirements of the whole of society.

The generation and distribution of electricity can either be oriented to maximising private profit, or towards enabling universal access at affordable rates. It is not possible to achieve both these aims at the same time.

The substantial privatisation of electricity generation, carried out in recent decades, has not made electricity cheaper. It has not made electricity accessible to everyone. Privatisation of electricity distribution will make electricity even less affordable. It will deprive far flung and remote areas of regular power.

Privatisation has been used to provide guaranteed profits to monopoly capitalists. State-owned electricity boards and distribution companies have been made financially weak, so as to create conditions for selling them to private companies at extremely low prices.

The per capital consumption of electricity in India lags far behind other countries. Per-capita power consumption in China is nearly four and half times that in India. In England it is three and half times. In the United States of America, it is nine times the per-capita consumption in India. Within India, there are huge variations from state to state. Per-capita power consumption in Bihar and Assam is only one fourth of the national average. Even after 75 years of post-colonial development, crores of rural and urban homes do not have any access to electricity, or have very inadequate access.

There is a need to expand electricity generation and distribution in a planned way, both for satisfying household needs of all people and to enable rapid growth in industrial production. This requires a complete reorientation of the entire economy. At present, the orientation is to generate maximum profits for Indian and international monopoly capitalists. This has to be turned around. The production and distribution of goods and services need to be driven by the motive of maximum possible fulfilment of the rising material and cultural needs of the entire population.

The struggle against the privatisation of electricity is an essential part of the struggle against the capitalist orientation of the economy. The economy needs to be re-oriented in order to fulfil human needs instead of monopoly capitalist greed. Only the working class in power, in alliance with the peasants and other oppressed masses of people, can carry out this re-orientation of the economy. The struggle against privatisation of electricity has to be waged with this perspective.



Uttar Pradesh

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Communist Ghadar Party of India

E-392, Sanjay Colony, Okhla Phase-2

New Delhi 110020

+91 9810167911

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