



**The Tamil Nadu Private Electricity Supply Undertakings (Acquisition) Act,  
1973**

Act 30 of 1973

**Keyword(s):**

Accredited Representative, Document, Electricity Act, Fixed Assets, License, Undertaking, Work

**DISCLAIMER:** This document is being furnished to you for your information by PRS Legislative Research (PRS). The contents of this document have been obtained from sources PRS believes to be reliable. These contents have not been independently verified, and PRS makes no representation or warranty as to the accuracy, completeness or correctness. In some cases the Principal Act and/or Amendment Act may not be available. Principal Acts may or may not include subsequent amendments. For authoritative text, please contact the relevant state department concerned or refer to the latest government publication or the gazette notification. Any person using this material should take their own professional and legal advice before acting on any information contained in this document. PRS or any persons connected with it do not accept any liability arising from the use of this document. PRS or any persons connected with it shall not be in any way responsible for any loss, damage, or distress to any person on account of any action taken or not taken on the basis of this document.

THE TAMIL NADU PRIVATE ELECTRICITY SUPPLY UNDER-  
TAKINGS (ACQUISITION) ACT, 1973.

ARRANGEMENT OF SECTIONS.

CHAPTER I.

PRELIMINARY.

SECTIONS.

1. Short title, extent and commencement.
2. Declaration as to the policy of the State.
3. Definitions.

CHAPTER II.

ACQUISITION OF UNDERTAKINGS AND PAYMENT OF AMOUNT.

4. Power of Government to acquire any undertaking.
5. Amount to be given to a licensee.
6. General effect of vesting.
7. Appointment of accredited representative by licensee.
8. Choice of basis of amount.
9. Effect of transactions not *bonafide*.
10. Deductions from the amount.
11. Manner of payment of amount.
12. Earlier repayment of loans, debentures, etc.
13. Arbitration.

CHAPTER III.

STAFF, INVENTORY AND ENTRY.

14. Termination of managing agency.
15. Provisions for existing staff of licencees.
16. Inventory of assets and information in regard to documents maintained by the licensee.
17. Power of entry.

**CHAPTER IV.****PENALTIES AND PROCEDURE.****SECTIONS.**

18. Penalties.
19. Offences by companies.

**CHAPTER V.****MISCELLANEOUS.**

20. Indemnity.
21. Power to make rules.
22. Effect of other laws.
23. Tamil Nadu Act XXIX of 1954 to cease to apply.
24. Act to apply to undertaking voluntarily handed over to Government.

**SCHEDULE I.****SCHEDULE II.**

TAMIL NADU ACT NO. 30 OF 1973.<sup>1</sup>THE TAMIL NADU PRIVATE ELECTRICITY  
SUPPLY UNDERTAKINGS (ACQUISITION)  
ACT, 1973.

[Received the assent of the President on the 30th September 1973, first published in the Tamil Nadu Government Gazette Extraordinary on the 30th September 1973 (Purattasi 15, Piramathisa (2004—Tiruvalluvar Andu)).]

*An Act to provide for the acquisition of private undertakings in the State of Tamil Nadu supplying electricity.*

WHEREAS it is expedient in the public interest to provide for the acquisition of undertakings in the State of Tamil Nadu engaged in the business of supplying electricity to the public other than such undertakings belonging to, and under the control of, (a) the Tamil Nadu Electricity Board constituted under section 5 of the Electricity (Supply) Act, 1948 (Central Act LIV of 1948), and (b) local authorities;

BE it enacted by the Legislature of the State of Tamil Nadu in the Twenty-fourth Year of the Republic of India as follows :—

## CHAPTER I.

## PRELIMINARY.

1. (1) This Act may be called the Tamil Nadu Private Electricity Supply Undertakings (Acquisition) Act, 1973. Short title, extent and commencement.
- (2) It extends to the whole of the State of Tamil Nadu.
- (3) It shall come into force at once.
2. It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in clauses (b) and (c) of Article 39 of the Constitution. Declaration as to the policy of the State.

<sup>1</sup>For Statement of Objects and Reasons, see *Tamil Nadu Government Gazette* Extraordinary, dated the 3rd April 1973, Part IV—Section 3, Page 192.

*Explanation.*—In this section, “State” has the same meaning as in Article 12 of the Constitution.

**Definitions.**

3. In this Act, unless the context otherwise requires—

(1) “account year” means the licensee’s financial year ;

(2) “accredited representative” means the representative appointed under section 7 ;

(3) “annual account” means the account of the undertaking rendered to the Government annually under and in accordance with the Electricity Act, or where no such account has to be rendered under that Act, the account of the undertaking normally made up for the account year of the undertaking and audited by a chartered accountant in practice within the meaning of the Chartered Accountants Act, 1949 (Central Act XXXVIII of 1949);

(4) “Board” means the Tamil Nadu Electricity Board constituted under section 5 of the Electricity Supply Act ;

(5) “document”, in relation to an undertaking, includes its books, accounts, registers, maps, plans, sections, drawings, records of survey and all other documents of whatever nature relating to the undertaking ;

(6) “Electricity Act” means the Indian Electricity Act, 1910 (Central Act IX of 1910);

(7) “Electricity Supply Act” means the Electricity Supply Act, 1948 (Central Act LIV of 1948);

(8) “fixed assets” includes works, spare parts, stores, stocks, instruments, tools, motor and other vehicles, office and other equipments and furniture ;

(9) “Government” means the State Government ;

(10) “intangible assets” means any amount paid on account of goodwill, under-writers’ commission and such preliminary and promotional expenditure shown as a debit in the capital account of the undertaking, as has fairly arisen in promoting electricity supply ;

(11) "licensee" means a person—

(i) licensed under Part II of the Electricity Act to supply electricity, or

(ii) who has obtained sanction under section 28 of the Electricity Act to engage in the business of supplying electricity, or

(iii) licensed under the Travancore Electricity Act, 1097 (Travancore Act I of 1097), and deemed to be licensed under the Electricity Act.

*Explanation.*—In relation to an undertaking which, before the commencement of this Act, has been taken over by the Government or which, under this Act, has vested in the Government, the person who was the licensee at the time the undertaking was so taken over or vested in the Government, as the case may be, or his successor-in-interest, shall be deemed to be the licensee ;

(12) "undertaking" means an undertaking engaged in the business of supplying electricity to the public but does not include any such undertaking belonging to, and under the control of,—

(i) the Board ; or

(ii) any local authority ;

(13) "vesting date" in relation to an undertaking,—

(a) means the date fixed under sub-section (1) of section 4 as the date on which the undertaking shall vest in the Government ;

(b) in respect of which an order under sub-section (1) of section 4 has been modified under clause (a) of the proviso to the said sub-section (1), means the date so modified ;

(c) in respect of which an order under sub-section (1) of section 4 has been cancelled under clause (b) of the proviso to the said sub-section (1) and *de novo* proceeding has been taken under that proviso means the date so fixed in such *de novo* proceeding ; or

(d) where the operation of any order under sub-section (1) of section 4 has been stayed or interrupted by order of court or tribunal or other authority constituted under any law for the time being in force, means the date so

fixed under sub-section (1) of section 4 or the proviso thereto as if such order had not been stayed or interrupted ;

(14) "works" includes electric supply-lines and any lands, buildings, workshops, projects, machinery, plants or apparatus, required to supply electricity and to carry into effect the objects of a licence granted or deemed to be granted or sanction given, for the supply of electricity, under the Electricity Act ;

(15) words and expressions used herein and not defined in this Act but defined in the Electricity Act, or the rules made under that Act, shall have the meanings respectively assigned to them in that Act or those rules.

## CHAPTER II.

### ACQUISITION OF UNDERTAKINGS AND PAYMENT OF AMOUNT.

Power of Government to acquire any undertaking.

4. (1) The Government may, by order in writing, declare that any undertaking shall vest in them on the date specified in such order :

Provided that the Government may,—

(a) modify, by advancing or postponing,—

(i) the date originally fixed in such order ; or

(ii) the date fixed in the order as so modified ; or

(b) cancel such order ;

so, however, that no such order shall be modified or cancelled after the undertaking has vested in the Government but such cancellation shall not be deemed to prevent the Government from taking any proceeding *de novo* in respect of such undertaking under this Act.

(2) Notwithstanding that the operation of any order under sub-section (1) or the proviso thereto, has been stayed or interrupted by order of court, or tribunal or other authority constituted under any law for the time being in force, the date fixed under sub-section (1) or the proviso thereto, shall be deemed to be the vesting date for the purposes of this Act.

(3) Every order under sub-section (1) shall be—

(a) served on the licensee in the prescribed manner;  
and

(b) published in such manner as the Government may deem fit.

(4) On the vesting date, the undertaking, to which the order under sub-section (1) relates, shall, subject to the provisions of section 6, stand transferred to, and vest in, the Government.

(5) Every licensee who after the vesting date, was in possession of, or deriving any benefit from the undertaking vested in the Government under sub-section (1), shall be liable to pay to the Government, for the period, after such vesting, for which he was in such possession or deriving such benefit, an amount as compensation for the use, occupation or enjoyment of that undertaking as the prescribed authority may fix in the prescribed manner. Such authority shall take into consideration such factors as may be prescribed.

5. The amount to be given to a licensee, on whom an order has been served under section 4, shall be determined under Basis A or Basis B specified below as may be chosen under section 8. Amount to be given to a licensee.

(1) *Basis A.*—The amount to be given under this Basis shall be an amount equal to twelve times the average net annual profit of the undertaking during a period of any five account years at the option of the licensee within a period of seven consecutive account years immediately preceding the vesting date.

*Explanation.*—For the purposes of this clause, the net annual profit shall be determined in the manner laid down in Schedule I.

(2) *Basis B.*—The amount to be given under this Basis shall be the aggregate value of the sums specified below:—

(i) the book value of all completed works in beneficial use pertaining to the undertaking and handed over to the Government (excluding works paid for by consumers) less depreciation calculated in accordance with Schedule II ;



(ii) the book value of all works in progress handed over to the Government, excluding works paid for by consumers or prospective consumers ;

(iii) the book value of all stores including spare parts handed over to the Government and in the case of used stores and spare parts, such sum as may be decided upon by mutual agreement between the Government and the licensee ;

(iv) the book value of all other fixed assets in use on the vesting date and handed over to the Government *less* depreciation calculated in accordance with Schedule II ;

(v) the book value of all plant and equipment existing on the vesting date but no longer in use owing to wear and tear or to obsolescence, to the extent such value has not been written off in the books of the licensee *less* depreciation calculated in accordance with Schedule II ;

(vi) the book value of all intangible assets to the extent such value has not been written off in the books of the licensee ;

(vii) the sum due from consumers in respect of every hire-purchase agreement referred to in section 6 (1) (b) (i) *less* a sum which bears to the difference between the total sum of the instalments and the original cost of the material or equipment, the same proportion as the sum due bears to the total sum of the instalments ;

(viii) any sum paid actually by the licensee in respect of every contract referred to in section 6 (1) (b) (iii) ;

(ix) an additional sum by way of solatium—

(a) in case the licensee is a person licensed under Part II of the Electricity Act, or under the Travancore Electricity Act, 1097 (Travancore Act I of 1097) and deemed to be licensed under the Electricity Act, at the rate of ten per cent on the value referred to in sub-clause (ii), at the rate of five per cent on the value referred to in sub-clause (iii) and at the rate specified in the licence in respect of compulsory purchase, or where no rate is specified in the licence, at fifteen per cent on the values referred to in sub-clauses (i) and (iv) ;

(b) in case the licensee is a person who has obtained sanction under section 28 of the Electricity Act to engage in the business of supplying electricity, at the rate of ten

per cent on the values referred to in sub-clauses (i) and (iv) and at the rate of five per cent on the values referred to in sub-clauses (ii) and (iii).

*Explanation.*—(1) For the purposes of Basis B, the book value of any fixed asset means its original cost, and shall comprise—

(i) the purchase price paid by the licensee for the asset, including the cost of delivery and all charges properly incurred in erecting and bringing the asset into beneficial use as shown in the books of the undertaking ;

(ii) interest charges on capital expenditure incurred from borrowed money and shown in the books of the undertaking as properly attributable to the asset up to the date of bringing it into beneficial use, at a rate not exceeding six per cent per annum ;

(iii) cost of supervision actually incurred, but not exceeding fifteen per cent of the sum referred to in paragraph (i).

(2) Where any asset was acquired after the expiry of the period to which the latest annual account relates, or where no annual account has to be rendered under the Electricity Act, the book value of the asset shall be such sum as may be decided upon by mutual agreement between the Government and the licensee.

6. (1) Every undertaking, to which the order under sub-section (1) of section 4 relates, shall,— General effect of vesting.

(a) in case the amount is to be given under Basis A, be deemed to consist of all property belonging to the undertaking including fixed assets, cash, securities, investments, documents and the like and all its rights, liabilities and obligations as on the vesting date :

Provided that liabilities and obligations not incurred in a *bona fide* manner shall not vest in the Government—

(i) in so far as they are in excess of the value on the vesting date of the corresponding assets, if any, vesting in the Government ; or

(ii) where there are no corresponding assets which vest in the Government,

*Explanation.*—For the purposes of this clause, “undertaking” includes every business carried on by the licensee the funds of which form part of the funds of the licensee ;

(b) in case the amount is to be given under Basis B, be deemed to consist of only the property, rights, liabilities and obligations specified herein :—

(i) all the fixed assets of the licensee and all the documents relating to the undertaking ;

(ii) all the rights, liabilities and obligations of the licensee under hire-purchase agreements, if any, for the supply of materials or equipment made *bona fide* before the vesting date ;

(iii) all the rights, liabilities and obligations of the licensee under any other contract entered into *bona fide* before the vesting date not being a contract relating to the borrowing or lending of money.

(2) All the assets specified in clause (b) (i) of subsection (1) shall vest in the Government free from any debts, mortgages or similar obligations of the licensee or attaching to the undertaking :

Provided that such debts, mortgages or obligations shall attach to the amount to be given under this Act for the assets.

(3) In the case of any undertaking which vests in the Government under this Act, the licence granted or deemed to be granted or the sanction given for the supply of electricity shall be deemed to have been terminated on the vesting date and all the rights, liabilities and obligations of the licensee under any agreement to supply electricity entered into before that date shall devolve on the Government :

Provided that where any such agreement is not in conformity with the rates and conditions of supply approved by the Government and in force on the vesting date, the agreement shall be voidable at the option of the Government.

(4) In the case of any undertaking which vests in the Government under this Act, it shall be lawful for the Government or any officer or servant of the Government or of the Board authorized by the Government in this behalf,

after removing any obstruction that may be offered to take possession of the fixed assets and of all documents relating to the undertaking which the Government may require for carrying it on.

(5) The Government may, by notification, provide for the transfer to, and vesting in, the Board, in such manner and subject to such conditions as may be specified in the notification, of the property, rights, liabilities and obligations which have vested in the Government under this Act and thereupon, such property, rights, liabilities and obligations shall stand transferred to, and vest in, the Board.

7. (1) Every licensee may, within three months from the date on which an order under sub-section (1) of section 4 is served on him, appoint an individual (whether or not the managing agent or a director or an officer of the licensee) to act as his sole and accredited representative in connexion with the handing over of the fixed assets, to the Government and performing, on behalf of the licensee, the functions hereinafter specified.

Appointment  
of accredited  
representative  
by licensee.

(2) Where the licensee is a company as defined in the Companies Act, 1956 (Central Act 1 of 1956), the appointment of the accredited representative shall be made by the shareholders of the company at a meeting specially convened for the purpose.

(3) Where the accredited representative resigns or dies or becomes incapable of acting or where the appointment of such representative is set aside or declared void by competent authority under any law for the time being in force, the Government shall call upon the licensee to appoint, within six weeks, another individual as his accredited representative.

(4) The remuneration of, and the expenditure incurred by, the accredited representative shall be payable from the amount deposited under this Act and shall have priority over all other debts and liabilities.

(5) All assurances conveyed, and all statements made, by such representative (inclusive of a representative whose appointment is subsequently set aside or declared void by competent authority under any law for the time being in force) shall be binding on the licensee.

(6) Where the licensee does not appoint an individual to act as his sole and accredited representative under sub-section (1) or sub-section (3), the functions hereinafter assigned to the accredited representative shall be performed by the licensee ; and all references in the rest of this Act to the accredited representative shall be construed as references to the licensee and any reference to a period of time to be reckoned from the date of appointment of the accredited representative shall, in such a case, be reckoned from the last date on which such accredited representative could have been appointed.

**Choice of  
basis of  
amount.**

8. (1) Within one month of his appointment or such further time as may be granted by the Government, the accredited representative shall intimate to the Government in writing, which basis of amount A or B shall be adopted in respect of the undertaking.

(2) The choice of the basis once intimated to the Government shall not be open to revision except with their concurrence.

(3) Where no choice has been intimated on behalf of the undertaking within the time allowed by sub-section (1), the Government shall declare the basis under which amount will be paid for the undertaking and that basis shall be binding on the licensee as if the choice had been duly made in accordance with the foregoing provisions.

**Effect of  
transactions  
not bona fide.**

9. Where the Government are of opinion that any licensee has, on or after the 17th June 1967, disposed of any fixed asset, whether by way of sale, exchange, gift, lease or otherwise, or incurred capital expenditure otherwise than in the normal course of events with a view to benefit unduly the licensee or some other person, and thereby caused loss to the Government as succeeding owners of the undertaking, the Government shall be entitled to deduct from the amount to be given to the licensee under this Act, a sum which they consider to be the loss sustained by them :

<sup>1</sup>[Provided that notice of intention to make such deduction shall be given to the licensee within a period of

<sup>1</sup> This proviso was substituted for the following proviso by section 2 of the Tamil Nadu Private Electricity Supply Undertakings (Acquisition) Amendment Act, 1975 (Tamil Nadu Act 50 of 1975), which was deemed to have come into force on the 30th September 1973:—

“ Provided that notice of the intention to make such deduction shall be given to the licensee within one year from the vesting date ”.

one year from the vesting date or within a period of three months from the date on which a complete inventory of all the assets belonging to the undertaking and of its documents are handed over to the Government, whichever period is later.]

10. The Government shall be entitled to deduct the following sums from the amount to be given to a licensee under this Act :—

(a) the sum, if any, already given in advance by way of any amount to be given under section 5 ;

(b) the sum, if any, specified under sub-section (5) of section 4 ;

(c) the sum, if any, specified under section 9 ;

(d) the sum due, if any, from the licensee to the Government or the Board for electricity supplied by the Government or the Board for any period prior to one month immediately preceding the vesting date ;

(e) all other sums and arrears of interest, if any, thereon due from the licensee to the Government or the Board except loans and arrears of interest, if any, thereon :

Provided that instalments of such loans and arrears of interest, if any, thereon which have accrued due during any period prior to one month immediately preceding the vesting date and outstanding on that date shall be deducted ;

(f) the sum, if any, equivalent to the loss sustained by the Government by reason of any property or rights belonging to the undertaking not having been handed over to the Government, the sum of such loss being deemed to be—

(i) in cases where amount is to be given under Basis A, the market value on the vesting date of such property or rights, together with any income which might have been realised by the Government if the property or rights had been handed over on the vesting date, and

(ii) in cases where amount is to be given under Basis B, the sum by which the market value of such property or rights exceeds the amount payable therefor under this Act, together with any income which might have been realised as aforesaid ;

(g) in cases where the amount is to be given under Basis A, any sum which during a period not exceeding three consecutive account years immediately before the vesting date has been distributed as profits, but is not correctly so distributable ;

(h) in cases where the amount is to be given under Basis B—

(i) the sum of all loans due from the licensee to the Government and the Board and arrears of interest, if any, thereon ;

(ii) a portion of the sum of solatium bearing the same proportion to the total sum of solatium as the sum of all loans due to the Government and the Board from the licensee on the vesting date bears to the aggregate of—

(a) the paid up share capital of the licensee,

(b) his debenture capital, and

(c) the sum of all loans due to the Government and the Board as aforesaid ;

(iii) all sums paid by consumers by way of security deposit and arrears of interest due thereon on the vesting date in so far as they have not been paid over by the licensee to the Government, less the sum which according to the books of the licensee are due from the consumers to the licensee for electricity supplied by him before that date ;

(iv) all advances from consumers and prospective consumers and all sums which have been or ought to be set aside to the credit of the consumers' fund in so far as such advances or sums have not been paid over by the licensee to the Government.

*Explanation.*—For the purposes of this clause, “consumers’ fund” shall, for any account year prior to the date on which the Sixth Schedule to the Electricity Supply Act came into force mean the amount referred to as such in the bulk supply agreement and, for any account year on and from the said date, it shall mean the amount specified in paragraph II (1) of the said Schedule as the amount to be set apart for distribution to consumers ;

(i) if, under any law, award, agreement, contract of service or otherwise, the salary, wages, leave salary

bonus, pension, gratuity, provident fund, security deposit or other payment, becomes payable to a member of the staff after a specified period of service rendered by such member in connection with the undertaking, such member having been transferred to the Government and where the undertaking vests in the Government under sub-section (1) of section 4—

(A) before the expiry of such specified period, a sum equal to the sum which bears to the full salary, wages, leave salary, bonus, pension, gratuity, provident fund, security deposit or other payment payable after the expiry of the said specified period, the same proportion as the period up to the vesting date bears to the whole of the said specified period ;

(B) after the expiry of such specified period, a sum equal to full such salary, wages, leave salary, bonus, pension, gratuity, provident fund, security deposit or other payment:

Provided that where any reserve fund has been created towards the salary, wages, leave salary, bonus, pension, gratuity, provident fund, security deposit or other payment referred to in this clause and such reserve fund vests in the Government under this Act, the amount of such reserve fund so vested shall not be deducted under this clause.

11. (1) Where the amount, which under section 5, Manne; of has to be given to a licensee, can be fixed by agreement, payment o shall be determined in accordance with such amount. agreement.

(2) Where no agreement can be reached under sub-section (1), the Government shall, within such time as may be prescribed, appoint as arbitrator a District Judge or a person who is a retired High Court Judge or a retired District Judge.

(3) The amount determined under sub-section (1) or sub-section (2) shall, after deducting therefrom the sums referred to under section 10 be given by the Government to the licensee,—

(i) in accordance with such agreement as may be entered into between the Government and the licensee; and



(ii) in the absence of such agreement, at the option of the licensee, either—

(a) in cash in three equal annual instalments the amount of each such instalment carrying interest at the rate of six per cent per annum from the vesting date; or

(b) in saleable or otherwise transferable promissory notes or stock certificates of the Government issued and repayable at par, and maturing at the end of—

(A) ten years from the vesting date and carrying interest from such date at the rate of six and a half per cent per annum ; or

(B) thirty years from the vesting date and carrying interest from such date at the rate of seven and a half per cent per annum ; or

(c) partly in cash and partly to such number of securities specified in item (A) or item (B), or both, of sub-clause (b), as may be required by the licensee; or

(d) partly in such number of securities specified in item (A) of sub-clause (b) and partly in such number of securities specified in item (B) of that sub-clause, as may be required by the licensee.

(4) The first of the three equal annual instalments referred to in sub-clause (a) of clause (ii) of sub-section (3) shall be given and the securities referred to in sub-clause (b) of that clause shall be issued within four months from the date of receipt by the Government of the option referred to in that clause, or where no such option has been exercised, from the latest date before which such option ought to have been exercised.

(5) The option referred to in clause (ii) of sub-section (3) shall be exercised by the licensee before the expiry of a period of three months from the date of the determination of the amount under sub-section (1) or sub-section (2) or within such further time, not exceeding three months, as the Government may, on the application of the licensee, allow; and the option so exercised shall be final and shall not be altered or rescinded after it has been exercised.

(6) Any licensee who omits or fails to exercise the option referred to in clause (ii) of sub-section (3),

within the time specified in sub-section (5) shall be deemed to have opted for payment in securities specified in item (A) of sub-clause (b) of clause (ii) of sub-section (3).

(7) Where the amount which, under section 5, has to be given to a licensee is equal to, or less than, the aggregate of the sums to be deducted therefrom under section 10, no amount shall be given to the licensee by the Government.

(8) Each of the three equal annual instalments referred to in sub-clause (a) of clause (ii) of sub-section (3) and the securities referred to in sub-clause (b) of that clause shall be deposited by the Government in the Reserve Bank of India or any other Bank chosen by the Government for the purpose (which Reserve or other Bank is hereinafter referred to as the Bank.)

(9) (a) Every person claiming any amount or any security deposited in the Bank under sub-section (8), or any portion thereof, shall, within the time specified in clause (b), apply to the Special Officer appointed by the Government in this behalf.

(b) The time referred to in clause (a) shall be three months from the date of the deposit or such further time as the Special Officer may allow.

(10) (a) The Special Officer shall, as expeditiously as possible, inquire into all claims made under sub-section (9), determine the persons who, in his opinion, are entitled to the amount deposited and the sum to which each of them is entitled and disburse the same to him.

(b) The Special Officer shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (Central Act V of 1908), while trying a suit, in respect of the following matters, namely :—

(i) summoning and enforcing the attendance of any person and examining him on oath ;

(ii) requiring the discovery and production of any document or other material object which is producible as evidence ;

(iii) reception of evidence on affidavits ;

(iv) requisitioning any public record or a copy thereof from any court or office ;

(v) issuing commissions for the examination of witnesses or documents.

The Special Officer shall also have such further powers as may be prescribed.

(c) Any person deeming himself aggrieved by any decision of the Special Officer under clause (a) may appeal to the High Court, within three months from the date of such decision or within such further time as the High Court may allow.

Earlier re-  
payment of  
loans,  
debentures,  
etc.

12. Notwithstanding anything to the contrary in any contract or agreement or in any law for the time being in force, all loans, debentures, mortgages and the like outstanding against the licensee on the vesting date may be repaid by the Government or the Board or the licensee, or the Special Officer, although the time for their repayment may not have arrived.

Arbitration.

13. (1) Where any dispute arises between the accredited representative and the Government in respect of any of the matters specified below or such other matter as may be prescribed, it shall be determined by the arbitrator appointed under sub-section (2) of section 11 :—

(a) whether any property belonging, or any right, liability or obligation attaching, to the undertaking vests in the Government ;

(b) whether any fixed asset forms part of the undertaking ;

(c) whether any contract or hire-purchase agreement or other contract referred to in section 6 (1) (b) (ii) or 6 (1) (b) (iii) has been entered into *bona fide* or not ;

(d) whether any agreement to supply electricity entered into by the licensee before the vesting date is of the nature referred to in proviso to sub-section (3) of section 6 ;

(e) whether the Government are entitled to deduct any sum under section 9 or section 10.

(2) Subject to the provisions of this section, the provisions of the Arbitration Act, 1940 (Central Act X of 1940), shall apply to all arbitrations under this Act.

(3) The arbitrator may, if he deems it expedient to do so call in the aid of one or more qualified assessors and hear the whole or any part of the reference with the aid of such assessor or assessors.

## CHAPTER III.

## STAFF, INVENTORY AND ENTRY.

14. Any agreement between the licensee and his managing agent or managing director (by whatever name known) shall, notwithstanding anything to the contrary in such agreement, be deemed to have been terminated on the vesting date in so far as it relates to the undertaking; and the managing agent or managing director shall not be entitled to any—

Termination of managing agency.

(1) remuneration or commission for such period of the agreement as may remain unexpired on the vesting date, or

(2) compensation for the premature termination of the contract of management or other arrangement or for the loss of office.

15. (1) Every person on the staff of the licensee immediately before the vesting date shall become on that date an employee of the Government and upon the transfer under sub-section (5) of section 6 to the Board, of the property, rights, liabilities and obligations of the Government become an officer or a servant of the Board and shall hold his office or service under the Government or the Board, as the case may be, on the same terms and conditions and with the same rights to pension, gratuity and other matters as would have been admissible to him if the undertaking had not vested in the Government and continue to do so unless and until his employment under the Government or the Board is terminated or until his remuneration, terms and conditions of service are duly altered by the Government or the Board :

Provisions for existing staff of licensee.

Provided that in the case of any person on the staff of the licensee immediately before the vesting date, to whom labour laws for the time being in force apply, no such termination or alteration of remuneration, terms or conditions of service shall be made except in accordance with such laws.

(2) (a) If any question arises as to whether any person was on the staff of the licensee immediately before the vesting date, it shall be decided by an officer or a servant of the Government or of the Board authorised by the Government in this behalf by general or special order.

(b) Any such person aggrieved by any decision under clause (a) of such officer or servant may, within one month from the date of the receipt by such person of the decision, appeal against such decision to the Government :

Provided that the Government may, in their discretion, allow further time not exceeding one month for preferring any such appeal, if they are satisfied that the appellant had sufficient cause for not preferring the appeal in time.

(3) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (Central Act XIV of 1947), or any other law for the time being in force or any contract or agreement, the transfer of any person on the staff of the licensee immediately before the vesting date to the Government or the Board under sub-section (1) shall not entitle him to any compensation and no such claim shall be entertained by any court, tribunal or other authority.

16. (1) Every licensee shall—

Inventory of assets and information in regard to documents maintained by the licensee.

(a) within one month from the date on which an order under sub-section (1) of section 4 is served on him or such further time as may be allowed by the Government, prepare and hand over to them a complete inventory of all the assets belonging to his undertaking and of its documents ;

(b) within one month from the vesting date, or such further time as may be allowed by the Government write up the accounts of his undertakings up to the vesting date, get them audited, and submit them to the Government ; and

(c) within such time as may be specified by the Government, furnish to them such information and particulars as may be required by the Government in regard to the documents relating to the undertaking.

(2) No licensee shall suppress or destroy any document relating to the undertaking and every licensee shall hand over to the Government on the vesting date all documents in cases falling under clause (a) of sub-section (1) of section 6, and in cases falling under clause (b) of sub-section (1) of section 6, all such documents as are necessary for ascertaining the assets of the under-

takings, the rights, liabilities or obligations attaching thereto or the terms of employment of the staff or for determining the amount to be given to the licensee under this Act.

(3) Where any such document as is referred to in sub-section (1) or sub-section (2) has been taken possession of by the Government, the licensee or any person authorised by him in this behalf, shall have access to such document at all reasonable times and be entitled to take copies thereof or extracts therefrom.

17. Any officer or servant of the Government or of the Board authorised by the Government in this behalf by general or special order may, at any time, after giving the licensee reasonable notice, enter upon any land or premises in his possession and make any survey, examination or investigation, preliminary or incidental to the purposes of this Act.

#### CHAPTER IV.

##### PENALTIES AND PROCEDURE.

18. (1) Whoever—

Penalties.

(a) being required to furnish any information or make any statement by or under this Act, omits to furnish such information, or to make such statement, or furnishes any information, or makes any statement, which he knows, or has reasonable cause to believe, to be, false, or not true, in any material particular, or

(b) wilfully—

(i) fails to hand over to the Government any fixed asset belonging to the undertaking or obstructs the taking possession of any such asset or of any document relating to the undertaking or suppresses or destroys any document, which is to be handed over to the Government under sub-section (2) of section 16, or

(ii) obstructs any officer or servant authorised under section 17 from entering any land or premises mentioned in that section or from making any survey, examination or investigation referred to therein,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to twenty thousand rupees, or with both, and in the case of a continuing offence, with an additional fine which may extend to five hundred rupees, for every day during which the offence continues after conviction for the first such offence.

(2) Whoever fails, without reasonable cause, to comply with any provision of this Act or any rule or order made or direction issued thereunder, shall, if the case be not governed by sub-section (1), be punishable with fine which may extend to twenty thousand rupees, and in the case of a continuing offence, with an additional fine which may extend to five hundred rupees, for every day during which the offence continues after conviction for the first such offence.

(3) Notwithstanding anything contained in section 32 of the \*Code of Criminal Procedure, 1898 (Central Act V of 1898), it shall be lawful for any magistrate of the first class specially empowered by the Government in this behalf or for any salaried presidency magistrate, to pass any sentence authorised by sub-section (1) or sub-section (2) of this section in excess of his powers under section 32 of the said Code.

(4) No court shall take cognizance of an offence punishable under this section except with the previous sanction of the Government or of an authority or officer authorized by them in this behalf.

Offences by  
companies.

19. (1) Where an offence punishable under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

---

\* Now the Code of Criminal Procedure, 1973 (Central Act 2 of 1974).

(2) Notwithstanding anything contained in sub-section (1), where any such offence has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer, shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purposes of this section,

(a) “company” means any body corporate and includes a firm, society or other association of individuals; and

(b) “director ” in relation to—

(i) a firm, means a partner in the firm,

(ii) a society or other association of individuals, means the person who is entrusted, under the rules of the society or other association, with the management of the affairs of the society or other association, as the case may be.

## CHAPTER V.

### MISCELLANEOUS.

20. (1) No suit or other proceeding shall lie against the Government or the Board for any act done or purporting to be done under the relevant law. Indemnity.

(2) (a) No suit, prosecution or other proceeding shall lie, without the previous sanction of the Government, against any authority or officer or servant of the Government or any officer or servant of the Board for any act done or purporting to be done under the relevant law.

(b) No authority or officer or servant of the Government or officer or servant of the Board shall be liable in respect of any such act in any civil or criminal proceeding if the act was done in good faith in the course of the execution of the duties or the discharge of the functions imposed by or under the relevant law.



(3) No suit, prosecution or other proceeding shall be instituted against any authority or officer or servant of the Government or any officer or servant of the Board for any act done or purporting to be done under the relevant law after the date of the expiry of six months from the date of the act complained of.

*Explanation.*—For the purposes of this section, “relevant law” means this Act or the Tamil Nadu Electricity Supply Undertakings (Acquisition) Act, 1954 (Tamil Nadu Act XXIX of 1954), or the Tamil Nadu Electricity Supply Undertakings (Acquisition) Act, 1949 (Tamil Nadu Act XLIII of 1949), or any rule or order made or direction issued under this Act or under either of the Acts aforesaid.

Power to make  
rules.

21. (1) The Government may make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

- (a) all matters required or allowed by this Act to be prescribed;
- (b) the manner of service of notices and orders under this Act;
- (c) the obtaining of the particulars necessary for assessing the amount to be given under this Act;
- (d) the appointment of auditors and their duties and remuneration;
- (e) the inspection, checking and taking over of the assets and documents of an undertaking;
- (f) the qualifications of, and the remuneration payable to, the accredited representative;
- (g) the remuneration payable to an arbitrator appointed under section 11;
- (h) the procedure to be followed by the Special Officer under section 11;
- (i) the manner of obtaining the information and particulars referred to in clause (e) of sub-section (1) of section 16.

(3) All rules made under this Act shall be published in the *Tamil Nadu Government Gazette* and, unless they are expressed to come into force on a particular day, shall come into force on the day on which they are so published.

(4) Every rule made under this Act shall, as soon as possible, after it is made, be placed on the table of both Houses of the Legislature, and if, before the expiry of the session in which it is so placed or the next session, both Houses agree in making any modification in any such rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

22. (1) No provision of—

(a) the Electricity Act,

(b) the Electricity Supply Act, or

(c) any rule made under any such Act, or any instrument having effect by virtue of any such Act or any such rule, shall, in so far as such provision is inconsistent with any of the provisions of this Act, have any effect.

Effect of  
other laws.

(2) Save as otherwise provided in this Act, the provisions of this Act shall be in addition to, and not in derogation of, the Electricity Act and the Electricity Supply Act.

23. (1) Notwithstanding anything contained in the Tamil Nadu Electricity Supply Undertakings (Acquisition) Act, 1954 (Tamil Nadu Act XXIX of 1954) (hereinafter referred to as the 1954 Act), that Act shall cease to apply to any undertaking as defined in section 3 (12) of this Act which has not vested with and taken possession of by the Government under the provisions of the 1954 Act before the commencement of this Act.

(2) Notwithstanding anything contained in the 1954 Act, if, in pursuance of any order under sub-section (1) of section 4 of the 1954 Act in respect of any undertaking as defined in section 3 (12) of this Act, the Government have not taken possession of such undertaking before the commencement of this Act that order shall lapse and be of no effect and such undertaking shall not vest and shall be deemed never to have vested in the Government under the 1954 Act and in respect of such undertaking it shall be lawful for the Government to make an order under sub-section (1) of section 4 of this Act and the provisions of this Act shall accordingly apply to such undertaking.

(3) Notwithstanding anything contained in the 1954 Act, where in respect of any undertaking as defined in section 3 (12) of this Act the Government have postponed the date of vesting under the proviso to sub-section (1) of section 4 of the 1954 Act, that undertaking shall not vest, and shall be deemed never to have vested, in the Government under the 1954 Act, notwithstanding the expiration of a period of one year from the date originally fixed under sub-section (1) of section 4 of the 1954 Act and in respect of such undertaking it shall be lawful for the Government to make an order under sub-section (1) of section 4 of this Act, and the provisions of this Act shall accordingly apply to such undertaking.

Act to  
apply to  
undertaking  
voluntarily  
handed  
over to  
Government.

24. Where an undertaking has been voluntarily handed over by the licensee to the Government before the commencement of this Act, and the Government have taken possession of such undertaking, the provisions of this Act shall apply to such undertaking as if an order under sub-section (1) of section 4 had been issued on the date of taking such possession and such date shall be deemed to be the vesting date for the purposes of this Act. All the provisions of this Act shall accordingly apply to such undertaking :

Provided that where under this Act any period is to be computed from the date of service of the order under sub-section (1) of section 4, or from the vesting date, as the case may be, such period shall, in relation to any undertaking to which this section applies, be computed from the date of the publication of this Act in the *Tamil Nadu Government Gazette*.

## SCHEDULE I.

[See section 5(1).]

1. For the purpose of section 5 (1), "net annual profit" shall, in respect of any account year mentioned in that section, mean the excess of 'income' over 'expenditure' as defined in paragraph 2 and paragraph 3 respectively less the sums referred to in paragraph 4 or, as the case may be, plus the sums referred to in paragraph 5.

2. For the purposes of paragraph 1, 'income' means the income derived from—

(i) gross receipts from sale of electrical energy, less discounts applicable thereto ;

(ii) rental of meters and other apparatus hired to consumers ;

(iii) sale and repair of lamps and apparatus ;

(iv) rents,

(v) transfer fees ;

(vi) investments, fixed and call deposits, and bank balances ;

(vii) other general receipts accountable in the assessment of Indian income-tax and arising from, and ancillary or incidental to, the business of supplying electrical energy.

3. For the purposes of paragraph 1, 'expenditure' means the expenditure incurred on—

(i) generation and purchase of electrical energy ;

(ii) distribution and sale of electrical energy ;

(iii) rents, rates and taxes, other than all taxes on income and profits ;

(iv) interest on loans ;

(v) interest on security deposits ;

(vi) legal charges ;

(vii) bad debts ;

(viii) auditor's fees ;

(ix) management, including managing agents' remuneration as provided for in paragraph XIII of the Sixth Schedule to the Electricity Supply Act ;

(x) depreciation calculated on a flat rate basis as specified in Schedule II :

Provided that no depreciation shall be calculated on the portion of the service lines paid for by the consumers ;

(xi) other expenses admissible under the law for the time being in force in the assessment of Indian income-tax and arising from, and ancillary or incidental to, the business of supplying electrical energy ;

(xii) contribution to provident fund, staff pension, gratuity and apprentice and other training schemes.

4. The sums referred to in paragraph 1 as those to be deducted from the excess of 'income' over 'expenditure' are—

(a) the appropriations to the consumers' fund for purposes of distribution to consumers, where such appropriations are necessary by virtue of sub-paragraph (1) of paragraph II of the Sixth Schedule aforesaid ;

(b) the contributions to the Tariffs and Dividends Control Reserve, where such contributions are necessary by virtue of the aforesaid sub-paragraph (1), and

(c) the taxes paid or payable, in respect of the appropriations and the contributions aforesaid, as taxes on income and profits.

5. The sums referred to in paragraph 1 as those to be added to the excess of 'income' over 'expenditure' are—

(a) the appropriations from the Tariffs and Dividends Control Reserve to the extent necessary by virtue of sub-paragraph (2) of paragraph II aforesaid, and

(b) the taxes paid or payable, in respect of the appropriation aforesaid, as taxes on income and profits.

## SCHEDULE II.

[See section 5(2).]

For purposes of payment of amount under section 5(2) the depreciation shall be calculated at annual rates arrived at by dividing ninety per cent of the book-value of each asset by the number of years of life of the asset as specified in the Table below. For the account year in which an asset was brought into beneficial use, the depreciation shall be calculated at half the annual rate and for the period after the last completed account year will the vesting date, the depreciation shall be calculated *pro rata*. Depreciation shall not be calculated for any period beyond the life of the asset as prescribed herein.

TABLE.

<i>Description of assets.</i>	<i>Number of years or period.</i>
(1)	(2)
A. Land owned under full title .. ..	Infinite.
B. Land held under lease—	
(a) for investment in the land .. ..	The period of lease, or the period remaining unexpired on the assignment of the lease.
(b) for cost of clearing site .. ..	The period of the lease remaining unexpired at the date of clearing the site.
C. Assets purchased new—	
(a) Plant and machinery in generating stations, including plant foundations—	
(i) Hydro-electric .. ..	Thirty-five.
(ii) Steam-electric .. ..	Twenty-five.
(iii) Diesel-electric .. ..	Fifteen.
(b) Cooling towers and circulating water systems.	Thirty.
(c) Hydraulic works forming part of a hydro-electric system, including—	
(i) Dams, spillways, weirs canals, reinforced concrete flumes and siphons.	One hundred.
(ii) Reinforced concrete pipe-lines and surge tanks, steel pipe-lines, sluice gates, steel surge tanks, hydraulic control valves and other hydraulic works.	Forty.
(d) Building and civil engineering works of a permanent character, not mentioned above—	
(i) Offices and show-rooms ..	Fifty.
(ii) Containing electric generating plant.	Thirty.
(iii) Containing hydro-electric generating plant.	Thirty-five.
(iv) Temporary erections such as wooden structures.	Five.
(v) Others .. ..	Fifty.

Description of assets. (1)	Number of years or period. (2)
<b>C. Assets purchased new—cont.</b>	
(e) Transformer, transformer kiosks, sub-station equipment and other fixed apparatus (including plant foundations)—	
(i) Transformers (including foundations) having a rating of 100 kilo volt amperes and over.	Thirty-five.
(ii) Others .. .. .	Twenty-five.
(f) Switchgear, including cable connections.	Twenty.
(g) Batteries .. .. .	Ten.
(h) (1) Underground cables, including joint boxes and disconnecting boxes.	Forty.
(2) Cable duct system .. ..	Sixty.
(i) Overhead lines including supports—	
(i) lines on steel or reinforced concrete supports operating at nominal voltages higher than 13.2 kilo volts.	Thirty.
(ii) Other lines on steel or reinforced concrete supports.	Twenty-five.
(iii) Lines on wood supports ..	Twenty.
(j) Meters .. .. .	Fifteen.
(k) Self-propelled vehicles .. ..	Seven.
(l) Static machine tools .. ..	Twenty.
(m) Air conditioning plant—	
(i) Static .. .. .	Fifteen.
(ii) Portable .. .. .	Seven.
(n) (i) Office furniture and fittings ..	Twenty.
(ii) Office equipment .. ..	Ten.
(o) Apparatus let on hire—	
(i) Other than motors .. ..	Seven.
(ii) Motors .. .. .	Twenty.
<b>D. Assets purchased second hand and assets not otherwise provided for in this table.</b>	<b>Such reasonable period as the Government determine in each case having regard to the nature, age and condition of the asset at the time of its acquisition by the Government.</b>