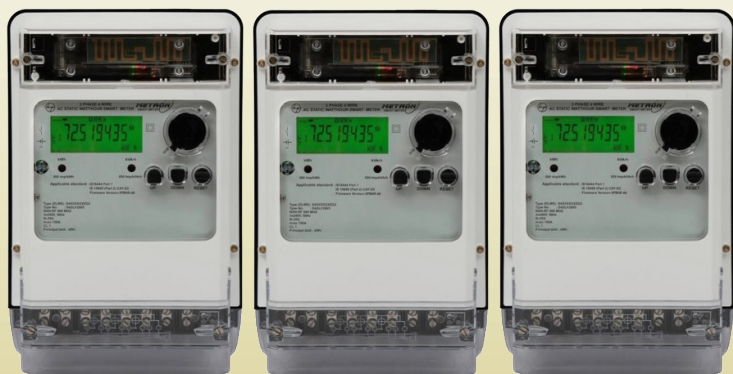


# Unitedly Oppose Anti-worker, Anti-people Prepaid Smart Electricity Meters!

Call by Various Workers', Farmers' and  
People's Organisations

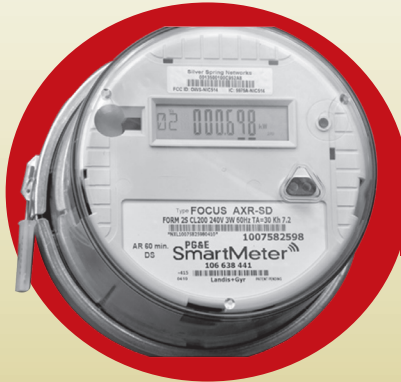


## Oppose Smart Meters



# Smart Meter Hatao...

Gareeb Kai liyea musibat hai



Oppose Smart Meters



# Why Users of Electricity and Power Sector Workers Should Unitedly Oppose Smart Electricity Meters

The Central Government has decided to install 25 crore pre-paid smart electricity meters all over the country by 2025. The project has generated a lot of debate among the consumers and power sector workers. Government claims that the aim of this project is to improve the quality, reliability and affordability of power supply. While some consumers and workers believe it will benefit them, many of them are opposing this scheme.

## What is a Smart Electricity Meter?

- A smart meter is a device that provides two-way communication between the customer and the electricity supplier about electricity usage. A consumer can know how much power is being consumed at any time or for any period of the day. This way, it is claimed, a consumer can plan the power consumption and reduce the overall power bill.
- Electricity suppliers can create an app on mobile phones for consumers to get the data about consumption, payment, balance amount, etc.
- For electricity suppliers, smart meters enable them to charge different rates for different times of the day. This means **dynamic pricing based on the demand** – higher rate when the usage is higher, generally in the night for most consumers. This is called 'Time of Day' (ToD) tariff system.

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- Smart meters also allow the suppliers to demand payment for electricity before it is consumed, i.e., pre-paid supply. Power would get disconnected automatically when the **pre-paid amount** is exhausted. Nobody needs to come to disconnect power supply.

A team of volunteers took up a study to understand the details of the project as well as the claims and counter-claims. What are its stated objectives? Are the real objectives different, and if so, what are they? Who will benefit from the project and who will lose? What will its impact be on workers, consumers and on distribution companies? Who will fund the smart meters and how and from whom will the cost be recovered?

## Conclusions of the Study:

1. **The Smart Meter Project has been launched to satisfy the demands of big corporates.**
2. **Whether electricity distribution is already privatised or not, smart meters are against the interests of consumers and workers.**
3. The Smart Meter Project is a step to further privatise the most profitable parts of the electricity sector.
4. This project is in tune with the policy of globalisation through privatisation and liberalisation that the Congress government introduced in 1991, which all central governments have implemented since then.
5. As in earlier cases, the government is trying to fool the workers and consumers by claiming that smart meters will benefit them.



6. In actual fact, they are planning to spend people's money in creating infrastructure for the big corporates to use and make super profits from.
7. Instead of benefitting from the project, both workers and consumers will suffer in a number of ways and that is why it is necessary to unite and oppose it!

### **Experience in Areas where Electricity has been Privatised**

Electricity distribution is already privatised in some of the major cities of the country. The Tata group supplies in Mumbai and Delhi, the Adani group in Mumbai, the Goenka group in Kolkata, the Torrent group in Ahmedabad. The Tata group also distributes electricity in a part of Odisha. In some of the cities, private monopolies are acting as franchisees of the state-owned distribution company (Discom) and are responsible for billing and collection, e.g., the Torrent group in Bhiwandi, Kalwa, Mumbra and Diva in Thane district of Maharashtra.

Consumers in Mumbai have derived no benefit from private distribution, as against the claims of the government and corporates. The electricity rates there are one of the highest in the country. The government claims that the competition in distribution will make electricity cheaper and help consumers. However, the experience of Mumbai consumers shows that despite the presence of the two private monopolies, Tata and Adani, operating in Mumbai, they have not benefitted. Small consumers in Mumbai will actually be worse off

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now that the recent demand of the private distributor, Tata, to more than double the tariff for consumption up to 300 units per month has been partially accepted.

The experience of people in the franchised areas of Bhiwandi, Kalwa, Mumbra, etc. has been harrowing.

Immediately after distribution was privatised, the earlier meters, whether old or recently installed, were replaced by new ones. Most residents say that these meters run faster and they end up paying bills that are 1.5 to 2 times the earlier ones. Some residents get highly inflated bills amounting to thousands of rupees, instead of the earlier amounts of Rs. 400 or Rs. 500.

The Torrent Company fines consumers by wrongly accusing them of power theft. It sends bouncers for bill collection.

If there is a complaint about bills, they are told to pay up first. There is no guarantee that the complaint would be redressed. There are rampant disconnections without warning.

Power supply has become very erratic. At times there is power failure for hours at a time, even at night. On phoning Torrent, the same old recorded message is heard.

Even after ten years of franchised operation people of Bhiwandi are continuing to demand the withdrawal of the franchise arrangement and the restoration of the Discom as distributor.



While the Central government's smart meter scheme is being implemented in areas to which power is supplied by Discoms, private distribution companies are also going ahead with the installation of smart meters, as in areas of Mumbai and Delhi. They want to thereby increase their profit by collecting money in advance, reducing the cost of billing and collection, as well as by reduction in the number of workers involved in these activities. The benefits of reduced costs have never been and will never be passed on to consumers.

**Pre-paid smart meter scheme is not in the interest of consumers whether they are served by a Discom or a private monopoly.**

## **Background of the Prepaid Smart Electricity Meters Project**

The anti-people privatisation program of the power sector began in the 1990s in the sphere of power generation. By now more than half of power generation is carried out by big private corporates like Tata, Adani, Jindal, Torrent and others and their share of generation is steadily growing. The renewable energy generation – solar, wind, etc. – is completely in the hands of private monopolies. Long-term power purchase agreements were signed by the authorities with various private companies, Indian and foreign. This led to huge private profits for the monopoly capitalists who invested in power generation.



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Following the privatisation of electricity generation, various state governments have attempted to privatise power distribution. Private power distribution companies operate in some cities like Mumbai and Delhi. But the attempts of many states and union territories like Jammu & Kashmir, Uttarakhand, Puducherry, Uttar Pradesh, Madhya Pradesh, Chandigarh, etc. in this regard have been blocked by the militant struggles of the workers and people.

## **The Demands of the Corporates Today**

The private power monopolies now want to own and control the complete power supply chain – generation, transmission and distribution.

The private power monopolies have been asking the government to address various problems affecting the finances of the Discoms to make them lucrative for their large-scale privatisation. They want the government to create mechanisms to ensure that money for the power supplied should promptly be recovered and given to them. Therefore do the following:

1. Create a system so that there are no over-due bill payments from individual, commercial, industrial, agricultural and government customers.
2. Discontinue all subsidies on electricity. Any subsidy given to a group of consumers should be through Direct Benefit Transfer (DBT) system. This means every consumer must first pay the full price of electricity before receiving the subsidy.



3. Minimise losses in the distribution system, including theft, so that cost of most of the power supplied is realised.
4. Upgrade the distribution infrastructure with public money so that they (corporates) do not have to invest capital to renew the infrastructure.

## **The Response of the Government**

The Central Government launched the Revamped Distribution Sector Scheme (RDSS) on 20 July 2021 with an outlay of Rs. 3,03,758 crores. The installation of 25 crore smart meters is being carried out as a part of the Scheme for most consumers, other than agricultural.

The prepaid smart metering scheme along with the other components of the RDSS addresses all the demands of the corporates. This will make the electricity distribution business of Discoms profitable unlike what it is today. It will also address the difficulty faced by generating companies (Gencos) due to delay in payment by Discoms for power purchased by them.

By making the meters pre-paid, the electricity supplier is assured that only that much electricity is supplied for which money has been paid in advance. Power supply can be stopped remotely, without the need of a person coming to physically disconnect it.

The distribution infrastructure will get modernised and losses minimised. Besides the smart metering scheme, the RDSS has another component to achieve these objectives.



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The Central government will provide 60% of funds for infrastructure upgradation projects but for that the Discom will be required to prepare a time-bound detailed Action Plan for strengthening its distribution system and to improve its performance. Funds will be provided when pre-qualifying criteria are satisfied and steps have been taken as per the loss reduction plan. (The details of the RDSS as well as of the Smart meter Scheme are provided in the Appendix at the end.) **Thus, public money would be used to upgrade distribution infrastructure that will be used by private companies.**

The fact that the government is insisting on the Public-Private-Partnership (PPP) mode for installation of smart meters makes the real aim even more evident – it is to make electricity distribution attractive for private corporates.

Consumers and power sector workers cannot afford to get fooled by claims of Central and state governments.

**The installation of smart meters is now being undertaken to pave the way for privatisation of the most lucrative operations of the Discoms.**



## Why is Privatisation of the Electricity Sector Not in the Interest of People and Workers?

- 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 government to ensure adequate and reliable supply of electricity at affordable rates to all.
- Privatisation of the electricity sector makes electricity a source of profiteering, leading to unaffordable power rates for many in our country.
- It 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.
- Private corporates prefer to supply electricity to only those areas which are most profitable (cherry picking of customers). They are not interested in serving small consumers or consumers in far flung areas or socially essential consumers like water supply department, etc. They want these consumers to continue to be serviced by Discoms. If all profitable consumers are taken away by private corporates and expensive-to-serve consumers are left with Discoms, the losses of Discoms will soar and will have to be made up through higher taxes on people.
- Discoms are presently obliged to supply electricity to anybody who wants it, irrespective of the place and distance. Due to the role played by Discoms electricity has reached every nook and corner of the country. Private players have no such obligation. Privatisation will negate the progress made so far in this regard.



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- Privatisation has invariably led to many workers being thrown out of jobs. Permanent workers get replaced by contract workers at one-third to one-fourth the salary. Safety is compromised. Job security is lost. Privatisation thus hurts not only the current workforce but also future generations.

**That is why privatisation of the electricity sector is anti- people, anti-worker and anti-social.**

## **Lies and Misinformation about the Smart Meter Project**

Government spokesmen claim that the objective of installing meters is to improve the quality and reliability of power supply. They claim that smart meters will enable consumers to plan and control their power consumption and thus bring down their power bills.

On the other hand, consumers and electricity workers in different parts of the country are opposing the installation of pre-paid smart electricity meters. They are saying the real aim is to loot them further as well as to pave the way for further privatisation of electricity distribution. Smart meters will help to maximize profits of corporates in the power sector at the cost of consumers.

People in villages are opposing as they fear that once smart meters are installed, all subsidies on power supply for farming will be removed.



## Call by Various Workers', Farmers' and People's Organisations

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Consumers are finding they are worse off after the installation of smart meters. In many parts of the country, power supply has been made pre-paid. They are now being forced to pay for electricity before consuming it. In a place in Bihar 13,000 consumers found their power supply disconnected due to a fault in the pre-paid smart metering system. In some other places people are complaining of delays in the restoration of power after prepaid accounts were recharged. In many places consumers are opposing their installation as it will increase their bill due to recovery of the cost of smart meters.

By making the consumer pay before consuming power, tens of thousands of crores of rupees will be available for use of private power monopolies once the pre-paid system is enforced.

Generating companies will be able to even demand Discoms to pay in advance before power is supplied to them! **We should remember that about 50% of electricity generation is already in the hands of private companies!**

While the objectives of the RDSS of reducing the technical and commercial losses and improving the efficiency of the electricity distribution system are desirable, the problem is that the benefit of the improvement will not accrue to power consumers. This is shown by past experience. The AT&C losses for the country have come down from around 28 percent in 2011-12 to 17 percent in 2021-22, but the power rates have risen year after year during this period. The gains of improvement have been completely cornered by the generating and distribution companies to improve their profitability.



## How Smart Meters Will Hurt Consumers:

1. **Payment in advance:** All smart meters are expected to be pre-paid. Consumers would have to pay in advance before consuming power. This will be an additional financial burden on people. Power would get disconnected automatically when the pre-paid amount is exhausted. They will have to keep track of the consumption and recharge their meter before the balance becomes zero if they do not want power to get disconnected.
2. **ToD tariff system:** Smart meter enables charging of different rates for different times of the day, known as ToD tariff system. This means dynamic pricing based on the demand – higher rate when the demand is higher and lower rate when the demand is lower. As per the government announcement, power rates will be 10-20% lower than regular rates during 8 hours when there is sunlight and 10-20% higher during peak consumption hours. The plan to implement the ToD tariff from April 2025 for all consumers has already been announced.

The government claims that this will help consumers by reducing their power bill by reducing their consumption when the rates would be high. This is false. The consumption is bound to be high when everybody is at home during evening/night. So bills of consumers will actually increase instead of falling when the ToD tariff is implemented.

3. **Increase in electricity rates:** The RDSS has put a number of conditions regarding fixation of power rates. All costs are to be included while deciding tariffs. No costs can be deferred. Tariffs must be revised annually unlike today. Subsidy, if any, must be given through Direct



Benefit Transfer (DBT) system, as was done in the case of subsidy on LPG cylinders.

Once all these conditions are enforced, rates will go up for most of the consumers. There will be no cross subsidisation of rates, i.e., higher rate for some customers and lower rate for poor customers. Even if the state government decides to subsidise a category of customers through the DBT, the subsidy will gradually vanish as it has happened with the LPG cylinder subsidy.

Electricity will become unaffordable for many customers.

4. **Cost of smart meter and limited life:** While consumers will not have to pay the full costs of smart meters and information and monitoring systems in the beginning, it will be recovered over the years as part of the tariff. As smart meters have a limited life of 7-10 years, the burden of their replacement will also fall on consumers.
5. **Complaint redressal:** As the smart metering system will be managed by a private company, consumers will be at its mercy for addressing their complaints. Wherever private companies have been introduced as a franchisee for billing and collection, the experience of consumers has been very bitter.

**The smart metering scheme will deprive many people in our country of electricity, a basic necessity in today's life. Electricity will become a means of profiteering once it is fully privatised.**



## How Power Sector Workers Will Be Hurt

Power sector workers will be doubly hit, firstly, as users of electricity, because like other consumers, they will have to pay exorbitant power bills and secondly, as workers due to privatisation of Discoms.

The government is asking electricity workers to support the installation of prepaid smart meters as they would be spared the wrath of consumers when they go to collect pending bills or go to disconnect power in cases of over-due bills.

**However, the benefit is likely to be short-lived as many of these employees are likely to lose their job soon after the smart metering system is operational. The entire billing and collection along with all activities connected with metering will be handled by the private company installing smart meters.** In just one state of Tamil Nadu, unions estimated that nearly 20,000 workers will be affected.

Power sector workers will be further hit when Discoms are privatised. Privatisation has invariably led to loss of job security, large-scale replacement of permanent jobs with contractual workers and curtailment of workers' benefits. Public sector workers cannot afford to forget the learnings from privatisation of Air India. The existing terms of employment were guaranteed only for one year after privatisation. The Tata group introduced three voluntary retirement schemes (VRS) within one year of taking over Air India. Employees know how much 'voluntary' is VRS in a private company!

It is no surprise that several unions of Electricity workers are opposing the scheme as the pre-paid smart meters would



lead to the loss of substantial number of jobs related to metering and billing.

Another argument given to win the support of workers is that the prepaid smart meter installation will lead to reduction in theft of power. That will lead to improvement in the financial health of their distribution company.

Power sector workers are not responsible for the poor financial condition of Discoms. It is the policies of central and state governments which have crippled Discoms. They have been forced to sign Power Purchase Agreements (PPAs) at highly favourable terms to private Gencos at the cost of both Discoms and consumers. Under these PPAs, Discoms have to pay the Gencos even when they have not taken any electricity from them!

## **Electricity Should Not Be a Source of Profiteering!**

Consumers and workers should challenge the thinking that electricity should be a source of profiting. **Basic services like electricity, transport, supply of water, health, education and sanitation services cannot be regarded as a source of profit!**

The government is giving up its responsibility of ensuring basic services to everyone at **affordable rates**. **The government collects taxes only because it has the duty of ensuring a good life for all. Indirect taxes are paid by all, no matter how poor they are. They form the largest fraction of taxes.**



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We workers and toilers must insist on policies which would ensure that no citizen of the country is deprived of electricity.

The smart metering scheme will deprive many people of our country of electricity, a basic necessity in today's life. **As responsible citizens and being true to the international call of the working class, "An Attack on One is an Attack on All!", we workers must uphold the interests of our fellow Indians.**

It is clear that the real objective of the prepaid smart metering scheme and other components of the RDSS is to make electricity distribution attractive for private corporates.

Consumers and power sector workers cannot afford to get fooled by claims of Central and state governments.

## **The Smart Meter Scheme is Meant to Weaken the Opposition to Privatisation**

Power sector workers, farmers as well as workers from other organisations, have, through their united actions, succeeded so far in thwarting the repeated attempts of the central government to pass the Electricity Amendment Bill (EAB), aimed at privatising electricity distribution. Withdrawal of the EAB was one of the major demands of the year-long struggle of farmers. The Central government assured them in writing that the EAB will not be put up in the Parliament without consulting them. Yet, the government has gone ahead to place the Bill in the parliament.

The threat of the EAB 2022 has not gone away. The Bill was referred to the Parliament's Standing Committee for



Energy but now has lapsed due to the dissolution of the Lok Sabha. The government can reintroduce it any time after the election.

In order to circumvent the parliamentary approval, the central government is amending the Electricity Rules and introducing schemes like the RDSS to enable privatisation.

## Conclusion

Pre-paid smart meters are neither in the interest of power sector workers nor in the interest of consumers of the country. They will only benefit big corporates who now wish to control the entire power system of the country for maximising their profit.

Power sector workers have demonstrated exemplary unity under the banner of the National Coordination Committee of Electricity Employees and Engineers (NCCOEEE) to oppose various attempts of privatisation of the power sector. The NCCOEEE has rightly noted that the installation of prepaid smart meters would lead to curbing the rights of universal access to electricity.

**The nefarious attempt of the government to install prepaid smart meters must be defeated by making every worker and consumer aware of how it will hurt them and by mobilising them against it!**



## **Appendix**

### **Prepaid Smart Metering Scheme**

1. Smart metering scheme is to be implemented in PPP mode. The Scheme does not allow Discoms to implement the scheme on their own.
2. All smart meters will be installed as pre-paid meters unless the Discoms decide not to.
3. The private player will Design, Build, Finance, Own, Operate and Transfer (DBFOOT) the entire metering system to the Discom at the end of the project period (say, 10 years). The private player will incur all the capital expenditure for building the system and also will bear the operating expenses, i.e., total expenditure during the entire project period.
4. The smart metering project not only involves installation of smart meters but also a two-way communication system between consumers and Discoms about consumption, billing, payment, etc., and software for capturing all the meter data and storing it.
5. Smart meters will also be installed on power feeder lines and lines to and from transformers, as a part of the Scheme, to analyse where the power losses and thefts are taking place.

6. As per the bid, the private player will be paid a fee per meter per month by the Discom for the duration of the contract in lieu of the capital expenditure and operating expenses incurred by the private player. The total monthly payment to be made to the private player will be automatically transferred to the private player's bank account from the Discom's bank account.
7. Under the Scheme, the Central government will provide funds to the DISCOM up to 15% of the cost of meter or Rs. 900 per meter, whichever is lower. For North East and hill states and union territories, it will give up to 22.5% or Rs. 1350 per meter, whichever is lower. This is like an incentive to Discoms to implement the Prepaid Smart Metering scheme. The incentive will be paid only after the smart meter is installed and the whole system is operational. There was an additional incentive for the meters installed by 31 Dec 2023.
8. One of the stated aims of this scheme is to reduce the Aggregate Technical & Commercial (AT&C) Losses in electricity distribution to 12-15% at the all-India level by 2024-25.
9. The RDSS envisages separation of agriculture feeders (power supply lines) from other power lines and "solarisation of agriculture feeders" for providing electricity during daytime to farmers. Solarisation means farmers will be supplied power generated through solar energy.

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10. The RDSS envisages the following actions besides others:

- Creating a mechanism to ensure that the government departments pay for electricity consumed promptly.
- Creating a mechanism to ensure that the consumption by the subsidized categories is properly accounted and the payment is released to the Discom in advance. Further the subsidy must be provided via the DBT mechanism.
- Electricity rate must be fixed annually; it must reflect prudent costs and costs not reflected and which are to be funded by the Discom/State Government must be shown separately.
- Preparation and adherence to a plan for funding accumulated and current financial losses.
- Distribution franchisee arrangement in some areas of Discom.
- Initiation of performance linked transfer policy for Discom staff.

## The Names of the Organisations Issuing the Call (contd.)

24. Koyla Mazdoor Sabha (HMS)
25. Labour Progressive Federation (DMK)
26. Ladaku Garment Mazdoor Sangh (LGMS)
27. Maharashtra State Bank Employees Federation (MSBEF)
28. National Federation of Indian Railwaymen (NFIR)
29. National Federation of Postal Employees (NFPE)
30. Steel Plant Employees Union (RINL)

### Farmers Organization

31. All India Kisan Khetmazdoor Sabha (AIKKS)
32. All India Kisan Mahasabha (AIKM)
33. All India Kisan Mazdoor Sabha (AIKMS)
34. All India Kisan Sabha (AIKS)
35. Bharatiya Kisan Union (Ekta Ugrahan)
36. Indian Agricultural Workers Union (IAWU)
37. Kirti Kisan Union
38. Krantikari Kisan Union

### Mass Organization

39. Bharatiya Mahila Federation, Maharashtra
40. Bhiwandi Jan Sangharsh Samiti (BJSS)
41. Fatima Shaikh Study Circle, Mumbra
42. Jamaat-e-Islami Hind (Thane)
43. Lok Raj Sangathan (LRS),
44. Purogami Mahila Sangathan (PMS),
45. Sarvahara Jan Andolan
46. Sarvahara Jan Morcha

# Call Issued by the following Organizations

## Organizations of Electricity Workers

1. National Coordination Committee of Electricity Employees and Engineers (NCCOEEEE) – A broad based national platform of all federations of electricity employees and engineers
2. All India Federation of Electricity Employees (AIFEE)
3. Electricity Employees Federation of India (EEFI)
4. Maharashtra State Electricity Workers Federation (MSEWF)
5. Karnataka Power Transmission Corporation Employees Union
6. TNEB Employees Progressive Union

## Other Employees' Organizations

7. All India Bank Employees Association (AIBEA)
8. All India Confederation of SC/ST Organizations (All India Parisangh)
9. All India Defense Employees Federation (AIDEF)
10. All India Forum Against Privatisation (AIFAP)
11. All India Insurance Employees Association (AIIEA)
12. All India Loco Running Staff Association (AILRSA)
13. All India Railwaymen's Federation (AIRF)
14. All India Railway Trackmaintainers Union (AIRTU)
15. All India State Government Employees Federation (AISGEF)
16. All India Station Masters Association (AISMA)
17. All India Trade Union Congress (AITUC)
18. All India United Trade Union Center (AIUTUC)
19. Bareilly Trade Unions Federation
20. IDBI Employees Association (IDBIEA)
21. Indian National Trade Union Congress (INTUC)
22. Indian Railway Signal & Telecommunication Maintainers Union (IRSTMU)
23. Kamgar Ekta Committee (KEC)/Mazdoor Ekta Committee (MEC)/Tozhilalar Ottrumai Iyakkam (TOI)

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