
(2026) 03 P&H CK 1127

In the Punjab And Haryana At Chandigarh

Case No : Civil Writ Petition No. 6236 Of 2021 (O&M)

Uttar Haryana Bijli Vitran Nigam Ltd. And Others

APPELLANT

Vs

M/S J.B. Stone Crusher And Another

RESPONDENT

Date of Decision : 10-03-2026

Acts Referred:

Constitution Of India, 1950 — Article 226, 227

Electricity Act, 2003 — Section 56, 56(1), 56(2), 126, 127

Citation : (2026) 03 P&H CK 1127

Hon'ble Judges : Jagmohan Bansal, J

Bench : Single Bench

Advocate : R.S. Longia, Subhash Saini, Anshul Mangla

Final Decision : Allowed

Judgement

Jagmohan Bansal, J

1. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking setting aside of award dated 02.12.2020 whereby Permanent Lok Adalat (for short 'PLA') has set aside demand notice on the ground of limitation.

2. Learned counsel representing the petitioner submits that PLA by impugned order has set aside demand notice qua electricity dues on the ground of limitation. Learned PLA has wrongly relied upon Section 56(2) of Electricity Act, 2003 (for short '2003 Act'). The respondent is having non-domestic supply connection. Its meter was changed on 17.05.2017. It was liable to pay consumption charges applying multiple factor of 3 whereas while preparing bill multiplying factor of 0.15 was applied. An internal audit of respondent was conducted wherein mistake was detected. Audit team submitted its report on 02.12.2019 and demand of differential amount was raised on 28.12.2019. The respondent was granted 15 days' time to make payment. The respondent approached PLA which while relying upon provisions of Section 56 (2) of 2003

Act has held that demand notice is time barred. Learned PLA has wrongly interpreted Section 56 (2) of 2003 Act. As per judgment of Hon'ble Supreme Court in M/s Prem Cottex Versus Uttar Haryana Bijli Vitran Nigam Ltd. and Others, 2021(20) SCC 200, period of limitation starts from the date of notice.

3. Per contra, learned counsel for respondent No.1 submits that judgment of Supreme Court in M/s Prem Cottex (supra) is inapplicable and judgment in Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Limited and Another Versus Rahmatullah Khan alias Rahamjulla, 2020(4) SCC 650 is applicable.

4. Heard the arguments and perused the record.

5. From the perusal of record, it is evident that respondent's meter was changed on 17.05.2017. The petitioner raised monthly invoice. The respondent made payment as per invoice. There was clerical/calculation mistake in the invoices. The mistake was detected by internal audit party. The internal audit party submitted its report on 02.05.2019 and petitioner raised demand on 20.12.2019. It is further apt to notice that period involved was May' 2017 to March' 2018 and demand was raised on 28.12.2019.

6. By no stretch of imagination, demand for the period beyond December' 2017 was time barred. The Supreme Court in M/s Prem Cottex (supra) has interpreted Section 56 of 2003 Act and clearly held that Sub-Section (2) is inapplicable where demand is not raised under Sub-Section (1) of Section 56 of 2003 Act. The Court is further held that limitation of two years starts from the date of raising demand. Relevant extracts of the judgment read as:

"22. In fact, even before going into the question of Section 56(2), the consumer forum is obliged to find out at the threshold whether there was any deficiency in service. It is only then that the recourse taken by the licensee for recovery of the amount, can be put to test in terms of Section 56. If the case on hand is tested on this parameter, it will be clear that the respondents cannot be held guilty of any deficiency in service and hence dismissal of the complaint by the National Commission is perfectly in order.

23. Coming to the second aspect, namely, the impact of Sub-section (1) on Sub-section (2) of Section 56, it is seen that the bottom line of Subsection (1) is the negligence of any person to pay any charge for electricity. Sub-section (1) starts with the words "where any person neglects to pay any charge for electricity or any some other than a charge for electricity due from him".

24. Sub-section (2) uses the words "no sum due from any consumer under this Section". Therefore, the bar under Sub-section (2) is relatable to the sum due under Section 56. This naturally takes us to Sub-section (1) which deals specifically with the negligence on the part of a person to pay any charge for electricity or any sum other than a charge for electricity. What is covered by section 56, under sub-section (1), is the negligence on the part of a person to pay for electricity and not anything else nor any negligence on the part of the

licensee.

25. In other words, the negligence on the part of the licensee which led to short billing in the first instance and the rectification of the same after the mistake is detected, is not covered by Sub-section (1) of Section 56. Consequently, any claim so made by a licensee after the detection of their mistake, may not fall within the mischief, namely, "no sum due from any consumer under this Section", appearing in Sub-section (2).

26. The matter can be examined from another angle as well. Subsection (1) of Section 56 as discussed above, deals with the disconnection of electric supply if any person "neglects to pay any charge for electricity". The question of neglect to pay would arise only after a demand is raised by the licensee. If the demand is not raised, there is no occasion for a consumer to neglect to pay any charge for electricity. Sub-section (2) of Section 56 has a non-obstante clause with respect to what is contained in any other law, regarding the right to recover including the right to disconnect. Therefore, if the licensee has not raised any bill, there can be no negligence on the part of the consumer to pay the bill and consequently the period of limitation prescribed under Sub-section (2) will not start running. So long as limitation has not started running, the bar for recovery and disconnection will not come into effect. Hence the decision in Rahamatullah Khan and Section 56(2) will not go to the rescue of the appellant."

7. The Supreme Court while interpreting Section 56 of 2003 Act in M/s Prem Cottex (supra) has duly considered its earlier judgment in Rahmatullah Khan alias Rahamjulla, (Supra). The Court has made it clear that limitation under Sub-Section (2) will not start running till the date of demand raised by licensee. Case of respondent is squarely covered by said judgment.

8. In the backdrop, this Court is of the considered opinion that impugned order whereby demand has been set aside on the ground of limitation deserves to be set aside. Accordingly, the impugned order is hereby set aside. Learned PLA shall pass fresh order on merit after granting opportunity to both sides. Let the parties, at the first instance, appear before learned PLA on 23.03.2026 and thereafter as directed by learned PLA. It would be appropriate for learned PLA to consider Sections 126 and 127 of 2003 Act before passing final order.

9. Allowed in above terms.

10. Pending application(s), if any, shall also stand disposed of.