CNR No: PHHC010265592022
2026:PHHC:116502-DB

IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

LPA-216-2022 (O&M)

Reserved on : 10.08.2026

Pronounced on: 20. 08.2026

Uploaded on: 21.08.2026

Uttar Haryana Bijli Vitran Nigam Limited and others ..... Appellants

VERSUS

Permanent Lok Adalat for Public Utility Services, Yamuna Nagar and another

..... Respondents

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL
HON'BLE MR. JUSTICE DEEPINDER SINGH NALWA

Present: Mr. Baldev Raj Mahajan, Senior Advocate with
Ms. Prerna Malhotra, Advocate and
Mr. Mohit Kumar, Advocate, for the appellants.

Mr. Namit Khurana, Advocate, for respondent No.2.

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SUVIR SEHGAL, J.

1 This intra-Court appeal has been filed under Clause X of the Letters Patent impugning judgment dated 26.10.2021 passed by the learned Single Judge, whereby the writ Court declined to interfere with

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award dated 06.04.2021, Annexure P/1, passed by the Permanent Lok Adalat for Public Utility Services, Yamuna Nagar (for short "the PLA").

2. The dispute lies in a narrow compass. Respondent No.2 is a consumer of appellant-Uttar Haryana Bijli Vitran Nigam Limited (for short "UHBVN") and has an electricity connection under Non-Domestic Supply (NDS) category. His meter was found to be defective and was replaced on 09.10.2012, but the electricity account was not revised. During an internal audit conducted in October 2015, a deficit of Rs.59,195/- was found towards electricity charges in respect of certain billing months of the year 2012 and the amount was added in the electricity bill issued on 06.10.2015. This amount was thereafter, reflected as arrears in the electricity bill. A further audit was undertaken on 15.06.2016 for the period from February 2011 to October 2013 and an additional demand of Rs.1,67,635/- was raised and was incorporated in the electricity bill. A notice dated 21.07.2016 was issued to respondent No.2, who approached the PLA under Section 22-C of the Legal Services Authorities Act 1987. PLA accepted the application and restrained UHBVN from effecting recovery on the ground that the demand was barred under Section 56 (2) of Electricity Act 2003 (for short "the 2003 Act"). UHBVN challenged the award by filing a writ petition which has been dismissed by the learned Single Judge vide impugned judgment dated 26.10.2021.

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3. Referring to the statutory provision, Mr. B. R. Mahajan, Senior Advocate, counsel for appellants has urged that UHBVN had raised the demand for the first time in October 2015 and July 2016. He asserts that these are the dates on which the amount became due and it could not be said that it had become barred by limitation. He has placed reliance upon judicial precedents to fortify his arguments.

4. *Per contra*, Mr. Namit Khurana, counsel for respondent No.2 has argued that in order to get the benefit of Section 56 (2) of the 2003 Act, it was incumbent upon UHBVN to establish that there was some error or mistake on its part. However, no such plea has been raised in the written statement or in the reply filed before the PLA. He asserts that the meter was replaced in October 2012 and the demand raised in 2015 & 2016 is clearly beyond the period prescribed in the statutory provision.

5. We have considered the submissions made by the counsel for the parties besides examining the documents relied upon by them.

6. The sole question that arises for consideration in this appeal is whether a supplementary demand raised upon detection of short billing can be treated as barred under Section 56 (2) of the 2003 Act because electricity had been consumed more than two years prior to raising the supplementary bill.

7. Section 56 (2) of the 2003 Act has came up for consideration on many occasions. In ***Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Limited and another Vs. Rahamatullah Khan alias Rahamjulla***

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(2020), 4 SCC 650, Supreme Court has held that even though, the liability arises upon consumption of electricity, but the obligation to pay crystallises when a bill quantifying the amount is raised. Electricity charges become "first due" when demand is raised. The Court further held that Section 56 (2) *ibid* does not prohibit raising an additional or supplementary demand though the coercive remedy of disconnection is subject to the statutory restriction laid down in Section 56 (2) of the 2003 Act. In ***Prem Cottex Vs. Uttar Haryana Bijli Vitran Nigam Limited and others, (2021) 20 SCC 200*** which is directly applicable to the facts of the present case, Supreme Court held that where an audit or other exercise that reveals a short billing, licensee is entitled to raise an additional demand. While construing Section 56 of the 2003 Act, Supreme Court observed that negligence contemplated by Section 56 (1) *ibid* is negligence of the consumer to pay the demanded amount and not the negligence of the licensee which resulted in short billing. Where the licensee does not raise any bill, there can be no neglect on the part of the consumer to pay it. Consequently, limitation under Section 56 (2) of the 2003 Act does not commence until the demand is raised.

8. This position has been reiterated in ***K.C. Ninan Vs. Kerala State Electricity Board and others (2023) 14 SCC 341.*** While examining the statutory provision, Supreme Court reiterated that the amount becomes 'first due' when the bill is issued for the first time and the period of two years starts thereafter. Supreme Court clarified that the remedy of

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disconnection is circumscribed by Section 56 (2) of the 2003 Act whereas the underlying right to recover does not stand extinguished merely on that account. The same principle has been recently applied by this Court in ***Smt. Ridhima Miglani Vs. Punjab State Power Corporation Limited and others, 2026 (2) RCR (Civil) 390.*** In that case, electricity duty for the period from July 2015 to November 2019 had inadvertently not been charged and was subsequently levied through a supplementary bill. Upon noticing the settled legal position, a Single Bench of this Court held that the demand raised for the first time through a supplementary bill, could not be held to be barred merely because it related to an earlier period.

9. Tested on the above principles, conclusion reached by the Single Bench in the present case, cannot be sustained. It is undisputed that upon replacement of the defective meter, electricity account was not overhauled. There was a short billing and this discrepancy came to light during an audit conducted later. Demand of Rs. 59,195/- was raised in October 2015 and was thereafter continuously reflected as arrears in the electricity bill. The remaining short assessed amount was quantified in the year 2016 and a demand was raised. The mere circumstance that consumption of electricity had taken place much prior to the assessment would not make the demand barred by Section 56 (2) of the 2003 Act. Period of limitation would not start from the date of consumption of electricity when the amount alleged to be short bill had not even been demanded from the consumer. The statutory expression “first due” cannot

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be read as “first consumed”. Liability to pay the charges may originate with the consumption of electricity but the obligation to discharge the quantified liability arises upon raising of the bill by the licensee. The findings to the contrary recorded by the learned Single Judge while sustaining the award passed by the PLA cannot be sustained.

10. In view of the foregoing discussion, appeal is allowed. Judgment dated 26.10.2021 passed by the learned Single Judge as well as award dated 06.04.2021, Annexure P-1, passed by PLA are set aside. Appellants shall be entitled to recover the amount under the supplementary demand in accordance with law. Any amount deposited by respondent No.2 shall be duly adjusted by appellants.

11. Pending misc. application(s) if any, shall stand disposed of.

(SUVIR SEHGAL)
JUDGE

(DEEPINDER SINGH NALWA)
JUDGE

20..08.2026
Ramandeep Singh

Whether speaking / reasoned Yes

Whether Reportable Yes

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