238 IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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CWP-26578-2025 (O&M)
Date of Decision: 25.05.2026

Punjab State Power Corporation Limited, The Mall, Patiala through its Chairman and Others

...Petitioners

Versus

M/s R.S. Bros. Electricals

...Respondents

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present:- Mr. Vishal Mittal Advocate for the petitioners.

Ms. Palak Jain, Advocate for Mr. Gopal Sharma, Advocate for the respondent.

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JAGMOHAN BANSAL, J. (ORAL)

1. The petitioners through instant petition under Articles 226/227 of the Constitution of India are seeking setting aside of award dated 27.11.2024 whereby learned Permanent Lok Adalat (Public Utility Services), Fatehgarh Sahib (for short 'PLA') has allowed respondent's application filed under Section 22C of the Legal Services Authority Act, 1987 (for short '1987 Act').

2. The petitioner is a public sector undertaking engaged in the business of distribution of electricity. The respondent is a partnership firm engaged in the business of manufacturing of electrical products. Case of petitioner is that respondent is having two electricity connections bearing Account No.3002457681 and GT56/1025 (3001562836). The respondent is using power supplied through connection bearing No.GT56/1025. The fact of utilization of power received against aforesaid connection came in

the knowledge of petitioners in 2019. The petitioners raised demand of ₹2,84,893/-. The respondent preferred an application before PLA under Section 22C of 1987 Act seeking setting aside of demand notice. PLA by impugned order has set aside demand on the ground of limitation. PLA has held that as per Section 56(2) of Electricity Act, 2003 (for short ‘2003 Act’) demand beyond two years is not sustainable unless and until liability is shown as recoverable in the books of account.

3. Learned counsel representing the petitioner submits that action contemplated under Section 56(1) of 2003 Act cannot be initiated with respect to demand, however, liability does not become time barred merely on the ground that period of two years has passed away. In case period of two years passes away, action under Section 56(1) of 2003 Act i.e. disconnection of electricity is not permissible, however, right of the distributor licensee remains intact. It can take other remedies as permissible by law.

4. Learned counsel representing the respondents submits that account No.GT56/1025 does not belong to the respondent. The respondent has no relation with said account. The petitioner has wrongly fastened liability upon respondent with respect to aforesaid account number.

On being confronted with judgment of Hon’ble Supreme Court in ‘***K.C. Ninan Versus Kerala State Electricity Board (SC)’, 2023(14) SCC 431,*** she expressed her inability to controvert that on the expiry of two years’ period from the date when liability became due, right of the licensee is not extinguished, however, action under Section 56(1) of 2003 Act is not permissible.

5. Heard the arguments and perused the record.

6. From the perusal of record, it is evident that PLA has set aside demand on the sole ground that demand cannot be raised after two years from the date it became due. Section 56 of 2003 Act reads as:

> ***"56. Disconnection of supply in default of payment**.-*
>
> *(1) Where any person neglects to pay any charge for electricity or any sum other than a charge for electricity due from him to a licensee or the generating company in respect of supply, transmission or distribution or wheeling of electricity to him, the licensee or the generating company may, after giving not less than fifteen clear days' notice in writing, to such person and without prejudice to his rights to recover such charge or other sum by suit, cut off the supply of electricity and for that purpose cut or disconnect any electric supply line or other works being the property of such licensee or the generating company through which electricity may have been supplied, transmitted, distributed or wheeled and may discontinue the supply until such charge or other sum, together with any expenses incurred by him in cutting off and reconnecting the supply, are paid, but no longer:*
>
> *Provided that the supply of electricity shall not be cut off if such person deposits, under protest,-*
>
> *(a) an amount equal to the sum claimed from him, or*
>
> *(b) the electricity charges due from him for each month calculated on the basis of average charge for electricity paid by him during the preceding six months,*
>
> *whichever is less, pending disposal of any dispute between him and the licensee.*
>
> *(2) Notwithstanding anything contained in any other law for the time being in force, no sum due from any consumer, under this section shall be recoverable after the period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied*

> *and the licensee shall not cut off the supply of the electricity."*

7. From the perusal of Section 56(2), it is evident that distribution licensee cannot disconnect power supply after the expiry of two years from the date liability became due, however, right to recover dues is not extinguished. Hon'ble Supreme Court in ***K.C. Ninan (supra)*** has clearly held that licensee cannot disconnect supply after two years from the date electricity charges became due for the first time, however, licensee can avail all other remedies for the recovery of outstanding dues. In the wake of aforesaid judgment of Hon'ble Supreme Court, the impugned award dated 27.11.2024 is liable to be set aside and accordingly set aside.

8. The petitioner in future shall not take action as permissible under Section 56(1) of 2003 Act with respect to alleged demand, however, may avail all other remedies in accordance with law. The respondent shall be associated before initiating/concluding any process.

9. ***Allowed***.

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

(JAGMOHAN BANSAL)
JUDGE

25.05.2026
Prince Chawla

Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No