



**207 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

**CWP-38170-2025 (O&M)
Date of Decision: 23.04.2026**

Gulpreet Kaur Bedi and Another

...Petitioners

Versus

Union Territory, Chandigarh and Others

...Respondents

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present:- Mr. Piyush Aggarwal, Advocate
for the petitioners.

Mr. Pritpal Singh Nijjar, Addl. Standing Counsel with
Mr. Viraj Gandhi, Jr. Panel Counsel
for U.T. Chandigarh.

Mr. Nitin Bhasin, Advocate and
Ms. Bharti Bhatia, Advocate
for respondents No.3 and 4.

JAGMOHAN BANSAL, J. (ORAL)

1. The petitioners through instant petition under Articles 226/227 of the Constitution of India are seeking setting aside of assessment order dated 10.12.2025 whereby respondent has rejected their objections and raised demand of Rs.14,77,823/-.

2. The petitioners are resident of Chandigarh. They are holding non-residential electricity connection. The respondent inspected their premises on 17.11.2025 and formed an opinion that correct multiplication factor was not applied while preparing bill. By mistake, multiplication

factor of '20' was applied whereas correct multiplication factor was '40'. The respondent on the basis of said opinion issued notice dated 26.11.2025 raising demand of Rs.14,77,823/-. In the title, the notice was treated as provisional assessment. The petitioners were asked to make payment within 15 days from the date of receipt of notice. The petitioners filed objections and respondent vide order dated 10.12.2025 framed final assessment. The demand was confirmed alleging wrong application of multiplication factor.

3. Learned counsel for the petitioners submits that Chandigarh Power Distribution Limited (for short 'CPDL') came into existence w.e.f. 24.04.2022. The Company was incorporated under the Companies Act, 2013. It was got incorporated by Administrator, U.T. Chandigarh. The Chandigarh Administration vide notification dated 31.01.2025 framed a scheme whereby assets and liabilities of the electricity wing of the Engineering Department were transferred to aforesaid Company. In the scheme, there was no provision which authorized respondent-Company to make assessment and raise demand prior to 31.01.2025 i.e. date of notification of the scheme. The scheme transferred assets, liabilities and employees of the Administration, however, there was no specific provision which empowered Company to raise demand for the period prior to 31.01.2025. The respondent has raised demand without jurisdiction, thus, writ petition is maintainable and may be entertained.

4. Learned counsel representing the respondents submits that impugned demand has not been raised under Section 126 of Electricity Act, (for short '2003 Act'). The demand has been raised on account of miscalculation. By mistake, multiplication factor of '20' instead of '40'

was applied. The respondent has every right to correct its mistakes. The petitioners are liable to pay charges for electricity consumed. The petitioners have alternative remedy to approach Consumer Grievances Redressal Forum. They may further approach Ombudsman constituted under Section 42(6) of 2003 Act. They have not challenged vires of Section 131 of 2003 Act or notification dated 31.01.2025, thus, in the wake of availability of alternative remedy, writ petition should not be entertained. In the notification dated 31.01.2025 expressions 'assets', 'liabilities', 'past arrears' and 'proceedings' have been defined. Part D of the notification provides that electricity distribution and retail supply undertaking including assets, liabilities and proceedings as set out in Schedule 'B' shall stand transferred to CPDL-respondents No.3 and 4. In the Schedule 'B', assets, proceeding and liabilities transferred to the company are underscored. As per Clause IV(e) of the Schedule 'B', proceedings which are exclusively or primarily associated with or related to distribution are transferred to respondent No.3.

5. Heard the arguments and perused the record.

6. The respondents have raised preliminary question of maintainability. As per respondent, the petitioner has alternative remedy, thus, writ petition should not be entertained. The petitioners claim that respondent has raised demand beyond jurisdiction, thus, writ petition is maintainable. From the arguments of petitioners, it is evident that petitioners are claiming that respondent in terms of notification dated 31.01.2025 has no jurisdiction to raise demand for the period prior to 31.01.2025. The respondent can raise demand with respect to 'past arrears' and demand raised in the present case does not fall within definition of

‘past arrears’, thus, respondents have acted beyond jurisdiction.

7. As per respondent, the impugned demand does not relate to unauthorized use of electricity, thus, provisions of Sections 126 and 135 are inapplicable. Argument of respondent deserves to be countenanced, accordingly it is hereby held that impugned demand does not relate to provisions of Sections 126 and 135 of 2003 Act.

8. It is settled proposition of law that writ petition is maintainable where question of vires or violation of principles of natural justice or jurisdiction is involved. Hon’ble Supreme Court in ‘**Radha Krishan Industries v. State of H.P.**’, (2021) 6 SCC 771 has laid down principles with respect to maintainability of writ despite availability of alternative remedies. Supreme Court has clearly held that where question of jurisdiction is involved, writ petition is maintainable. Relevant extracts of the judgment read as:

“C.1. Maintainability of the writ petition before the High Court

24. The High Court has dealt with the maintainability of the petition under Article 226 of the Constitution. Relying on the decision of this Court in CCT v. Glaxo Smith Kline Consumer Health Care Ltd. [CCT v. Glaxo Smith Kline Consumer Health Care Ltd., (2020) 19 SCC 681 : 2020 SCC OnLine SC 440], the High Court noted that although it can entertain a petition under Article 226 of the Constitution, it must not do so when the aggrieved person has an effective alternate remedy available in law. However, certain exceptions to this “rule of alternate remedy” include where, the statutory authority has not acted in accordance with the provisions of the law or acted in defiance of the fundamental principles of judicial procedure; or has

resorted to invoke provisions, which are repealed; or where an order has been passed in violation of the principles of natural justice. Applying this formulation, the High Court noted that the appellant has an alternate remedy available under the GST Act and thus, the petition was not maintainable.

25. In this background, it becomes necessary for this Court, to dwell on the “rule of alternate remedy” and its judicial exposition. In Whirlpool Corpn. v. Registrar of Trade Marks [Whirlpool Corpn. v. Registrar of Trade Marks, (1998) 8 SCC 1] , a two-Judge Bench of this Court after reviewing the case law on this point, noted : (SCC pp. 9-10, paras 14-15)

“14. The power to issue prerogative writs under Article 226 of the Constitution is plenary in nature and is not limited by any other provision of the Constitution. This power can be exercised by the High Court not only for issuing writs in the nature of habeas corpus, mandamus, prohibition, quo warranto and certiorari for the enforcement of any of the Fundamental Rights contained in Part III of the Constitution but also for “any other purpose”.

15. Under Article 226 of the Constitution, the High Court, having regard to the facts of the case, has a discretion to entertain or not to entertain a writ petition. But the High Court has imposed upon itself certain restrictions one of which is that if an effective and efficacious remedy is available, the High Court would not normally exercise its jurisdiction. But the alternative remedy has been consistently held by this Court not to operate as a bar in at least three contingencies, namely, where the writ petition has been filed for the enforcement of any of the Fundamental Rights or where there has been a violation of the principle of natural justice or where the order or proceedings are wholly without

jurisdiction or the vires of an Act is challenged. There is a plethora of case-law on this point but to cut down this circle of forensic whirlpool, we would rely on some old decisions of the evolutionary era of the constitutional law as they still hold the field.”

26. Following the dictum of this Court in Whirlpool [Whirlpool Corpn. v. Registrar of Trade Marks, (1998) 8 SCC 1] , in Harbanslal Sahnia v. Indian Oil Corpn. Ltd. [Harbanslal Sahnia v. Indian Oil Corpn. Ltd., (2003) 2 SCC 107] , this Court noted that : (Harbanslal Sahnia case [Harbanslal Sahnia v. Indian Oil Corpn. Ltd., (2003) 2 SCC 107] , SCC p. 110, para 7)

“7. So far as the view taken by the High Court that the remedy by way of recourse to arbitration clause was available to the appellants and therefore the writ petition filed by the appellants was liable to be dismissed is concerned, suffice it to observe that the rule of exclusion of writ jurisdiction by availability of an alternative remedy is a rule of discretion and not one of compulsion. In an appropriate case, in spite of availability of the alternative remedy, the High Court may still exercise its writ jurisdiction in at least three contingencies : (i) where the writ petition seeks enforcement of any of the fundamental rights; (ii) where there is failure of principles of natural justice; or (iii) where the orders or proceedings are wholly without jurisdiction or the vires of an Act is challenged. (See Whirlpool Corpn.v. Registrar of Trade Marks [Whirlpool Corpn. v. Registrar of Trade Marks, (1998) 8 SCC 1] .) The present case attracts applicability of the first two contingencies. Moreover, as noted, the appellants' dealership, which is their bread and butter, came to be terminated for an irrelevant and non-existent cause. In such circumstances, we feel that the appellants should have been allowed relief

by the High Court itself instead of driving them to the need of initiating arbitration proceedings.”

27. The principles of law which emerge are that:

27.1. The power under Article 226 of the Constitution to issue writs can be exercised not only for the enforcement of fundamental rights, but for any other purpose as well.

27.2. The High Court has the discretion not to entertain a writ petition. One of the restrictions placed on the power of the High Court is where an effective alternate remedy is available to the aggrieved person.

27.3. Exceptions to the rule of alternate remedy arise where : (a) the writ petition has been filed for the enforcement of a fundamental right protected by Part III of the Constitution; (b) there has been a violation of the principles of natural justice; (c) the order or proceedings are wholly without jurisdiction; or (d) the vires of a legislation is challenged.

27.4. An alternate remedy by itself does not divest the High Court of its powers under Article 226 of the Constitution in an appropriate case though ordinarily, a writ petition should not be entertained when an efficacious alternate remedy is provided by law.

27.5. When a right is created by a statute, which itself prescribes the remedy or procedure for enforcing the right or liability, resort must be had to that particular statutory remedy before invoking the discretionary remedy under Article 226 of the Constitution. This rule of exhaustion of statutory remedies is a rule of policy, convenience and discretion.

27.6. In cases where there are disputed questions of fact, the High Court may decide to decline jurisdiction in a writ petition. However, if the High Court is objectively of the view that the nature of the controversy requires the exercise of its writ

jurisdiction, such a view would not readily be interfered with.”

[Empasis supplied]

9. In the present case, the petitioner has raised question of jurisdiction, thus, writ petition is maintainable and deserves to be entertained. Accordingly, preliminary objection of the respondents is hereby rejected. The petitioners have not challenged Section 131 of 2003 Act as well as notification dated 31.01.2025, however, jurisdiction of respondents to raise demand is assailed. Therefore, non-challenge to Section 131 or notification dated 31.01.2025 cannot restrain petitioners from invoking writ jurisdiction of this Court.

10. In the wake of rejection of contention of respondent *qua* maintainability/entertainability, the matter needs to be adjudicated on merits.

11. The U.T. Administration has transferred its electricity distribution business to CPDL. The transfer has been effected in terms of Section 131 of 2003 Act read with notification dated 31.03.2025. Section 131 empowers State Government or Board to transfer property, interest in property, rights and liabilities to a company. It provides that a transfer scheme shall be prepared by the State Government to give effect to the objects and purposes of the Act. The assets and liabilities of the State Electricity Board shall vest in the State Government on such terms as may be agreed between the State Government and the Board. Any property, interest in property, rights and liabilities vested in the State Government shall be re-vested by the State Government in a Government Company or any company or companies in accordance with transfer scheme. Section

131 reads as:

“131. Vesting of property of Board in State Government.-

(1) With effect from the date on which a transfer scheme, prepared by the State Government to give effect to the objects and purposes of this Act, is published or such further date as may be stipulated by the State Government (hereafter in this Part referred to as the effective date), any property, interest in property, rights and liabilities which immediately before the effective date belonged to the State Electricity Board (hereinafter referred to as the Board) shall vest in the State Government on such terms as may be agreed between the State Government and the Board.

(2) Any property, interest in property, rights and liabilities vested in the State Government under sub-section (1) shall be re-vested by the State Government in a Government company or in a company or companies, in accordance with the transfer scheme so published along with such other property, interest in property, rights and liabilities of the State Government as may be stipulated in such scheme, on such terms and conditions as may be agreed between the State Government and such company or companies being State Transmission Utility or company or transmission licensee or distribution licensee, as the case may be:

Provided that the transfer value of any assets transferred hereunder shall be determined, as far as may be, based on the revenue potential of such assets at such terms and conditions as may be agreed between the State Government and the State Transmission Utility or generating company or transmission licensee or distribution licensee, as the case may be.

(3) Notwithstanding anything contained in this section, where,-

(a) the transfer scheme involves the transfer of any property or rights to any person or undertaking not wholly owned by the State Government, the scheme shall give effect to the transfer only for fair value to

be paid by the transferee to the State Government;

(b) a transaction of any description is effected in pursuance of a transfer scheme, it shall be binding on all persons including third parties and even if such persons or third parties have not consented to it.

(4) The State Government may, after consulting the Government company or company or companies being State Transmission Utility or generating company or transmission licensee or distribution licensee, referred to in sub-section (2) (hereinafter referred to as the transferor), require such transferor to draw up a transfer scheme to vest in a transferee being any other generating company or transmission licensee or distribution licensee, the property, interest in property, rights and liabilities which have been vested in the transferor under this section, and publish such scheme as statutory transfer scheme under this Act.

(5) A transfer scheme under this section may-

(a) provide for the formation of subsidiaries, joint venture companies or other schemes of division, amalgamation, merger, reconstruction or arrangements which shall promote the profitability and viability of the resulting entity, ensure economic efficiency, encourage competition and protect consumer interests;

(b) define the property, interest in property, rights and liabilities to be allocated-

(i) by specifying or describing the property, rights and liabilities in question; or

*(ii) by referring to all the property, interest in property, rights and liabilities comprised in a described part of the transferor's undertaking;
or*

(iii) partly in one way and partly in the other;

(c) provide that any rights or liabilities stipulated or described in the scheme shall be enforceable by or against

the transferor or the transferee;

(d) impose on the transferor an obligation to enter into such written agreements with or execute such other instruments in favour of any other subsequent transferee as may be stipulated in the scheme;

(e) mention the functions and duties of the transferee

(f) make such supplemental, incidental and consequential provisions as the transferor considers appropriate including provision stipulating the order as taking effect; and

(g) provide that the transfer shall be provisional for a stipulated period.

(6) All debts and obligations incurred, all contracts entered into and all matters and things engaged to be done by the Board, with the Board or for the Board, or the State Transmission Utility or generating company or transmission licensee or distribution licensee, before a transfer scheme becomes effective shall, to the extent specified in the relevant transfer scheme, be deemed to have been incurred, entered into or done by the Board, with the Board or for the State Government or the transferee and all suits or other legal proceedings instituted by or against the Board or transferor, as the case may be, may be continued or instituted by or against the State Government or concerned transferee, as the case may be.

(7) The Board shall cease to be charged with and shall not perform the functions and duties with regard to transfers made on and after the effective date.

Explanation. For the purposes of this Part,-

(a) "Government company" means a Government company formed and registered under the Companies Act, 1956;

(b) "company" means a company to be formed and registered under the Companies Act, 1956 to undertake generation or transmission or distribution in accordance with the scheme under this Part."

12. The U.T. Administration with intent to corporatize electricity

distribution license functions, incorporated limited liability company in the name of CPDL. The said company was got registered with Registrar of Company, Chandigarh under Companies Act, 2013. It was incorporated w.e.f. 24.04.2022. Electricity Wing of the Engineering Department of the U.T. Administration (for short 'EWEDC') was undertaking functions of purchase, distribution and retail supply of electricity in the U.T. Administration. The U.T. Administration in terms of Section 131 of 2003 Act issued notification dated 31.01.2025 whereby Chandigarh Electricity Reforms Transfer Scheme, 2025 (for short 'Scheme') was introduced. The scheme has been divided into Part A to Part L. Part B defines different expressions used in the scheme. Part D provides for transfer of electricity distribution business. Part G provides for pending suits, proceedings etc. There are five Schedules i.e. Schedule 'A' to 'E'. As per definitions, 'proceedings' shall include all EWEDC proceedings, suits, appeals, complaints, petitions, applications, consolatory proceedings, arbitration or any other proceedings whether civil or criminal or otherwise related to the distribution and retail supply business. As per said scheme, the electricity distribution and retail supply undertaking including assets, proceedings and liabilities as set out in the Schedule 'B' came to be transferred to CPDL. The scheme came into force from the date of notification in the official gazette. Relevant extracts of the scheme read as:

Part B Definitions

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c. "Assets" includes power systems, plants, machinery, equipment including transmission/ distribution lines/ cables, wires, substations/ transformers, facilities, towers, meters, information technology systems and office buildings (not including land) and installations pertaining to and

attached thereto, other moveable assets etc. which are owned by EWEDC and are in exclusive use for distribution and supply of electricity to the consumers in the Union Territory of Chandigarh. Such assets however shall not include land including land under the building/sub-stations or shared/ rented office spaces which are in occupation and use of EWEDC for discharging its functions as a Distribution Licensee.

k. "Liabilities" shall include liabilities, debt, dues, obligations and other outgoing/outstandings of whatever nature transferred to the Company as per the Opening Balance Sheet to be notified and shall include the applicable consumer related contingent liabilities which may arise in regard to dealings prior to the Transfer Date in respect of the Distribution Licensee functions of EWEDC.

m. "Past Arrears" are amounts overdue from consumers as on the Transfer Date which are not included as receivables in Opening Balance Sheet of the Company as provided in SCHEDULE 'E';

o. "Proceedings" shall include all EWEDC proceedings, suits, appeals, complaints, petitions, applications, conciliatory proceedings, arbitrations or any other proceedings whether civil or criminal or otherwise related to the distribution and retail supply business.

Part D. Transfer of Electricity Distribution Business

1. Subject to the provisions of this Scheme and with effect from such date as may be notified by the Administration as the Transfer Date:

a. The functions of electricity distribution and retail supply of EWEDC shall stand transferred to and vested with Chandigarh Power Distribution Limited without any further act, deed or things to be done by the Administration or the Company or any other person.

b. The electricity distribution and retail supply undertakings of EWEDC including Assets,

Proceedings and Liabilities as set out in SCHEDULE 'B' shall stand transferred to and vested in the Company.

c. The Personnel as set out in SCHEDULE 'D' shall be transferred and assigned to the Company as provided under Part E of this Scheme.

*2. On such transfer and vesting of the electricity distribution and retail supply function of EWEDC as per the terms of **Para(5) of Part D**, the Company shall be vested with and shall stand responsible for the contracts, rights, deeds, schemes, bonds, agreements, and other instruments of whatever nature to the extent transferred, to which the Administration was a party, subsisting or having effect on the Transfer Date, in the same manner as the Administration was liable immediately before the Transfer Date and the same shall be in full force and effect against or in favour of the Company and shall be enforced as fully and effectively as if the Company had been a party thereto instead of the Administration.*

3. If any of the Assets transferred to the Company is subject to any security interest or arrangements in favour of third parties for any financial assistance or obligation, such Assets shall stand transferred to the Company subject to such security interest or arrangements.

4. The opening balance sheet of the Company along with details in the Schedules to the Balance Sheet shall be drawn as on the Transfer Date giving effect to the provisions contained in this Scheme and the finalized Opening Balance sheet of the Company shall be notified by the Administration separately within twelve (12) months of notification of this Scheme.

5. The transfers within this Scheme shall remain provisional for a period of twelve(12) months from the Transfer Date, specifically in order to enable the Administration to exercise the right to alter, vary, modify, add or otherwise change the terms of such transfers including the value of Assets,

Proceedings and Liabilities transferred in such manner as the Administration may consider appropriate. After the said period of twelve(12) months, the said provisional transfer, as altered or varied or modified or changed, shall stand confirmed without any further act or deed.

6. From the Transfer Date, EWEDC shall cease to be charged with the duty to perform the functions, duties, rights, powers and obligations to the extent the same are transferred and vested in the Company in accordance with the provisions of this Scheme.

7. The transaction of any description as effected in pursuance of this Scheme shall be binding on all persons including third parties, even if such persons or third parties have not consented to it.

8. The functions, duties, Personnel, Assets, Liabilities and Proceedings as set out in SCHEDULE 'C' shall not be transferred to the Company and shall remain with the EWEDC.

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Part G. Pending suits, proceedings etc.

1. The proceedings of whatever nature by or against the Administration pending on the Transfer Date in regard to the power distribution function of EWEDC and transferred to the Company as per the SCHEDULE 'B' shall not abate or discontinue or otherwise in any way prejudicially be affected by reason of the transfer under this Scheme and such proceedings may be continued, prosecuted and enforced by or against the Company, as the case may be.

2. The proceedings mentioned in Para(3) of Part G may be continued in the same manner and to the extent as it would or might have been continued, prosecuted and enforced by or against the Administration if the transfer specified under this Scheme had not been made.

3. The proceedings mentioned in SCHEDULE 'C' would continue with the EWEDC/Administration.

[Emphasis supplied]

SCHEDULE 'B'**ASSETS, PROCEEDINGS AND LIABILITIES
TRANSFERRED TO THE COMPANY**

Unless otherwise specified by the Administration, Company shall be vested with and shall comprise of Assets, Liabilities and Proceedings concerning electricity distribution and retail supply activities of EWEDC-forming part of the Opening Balance Sheet and excluding Assets, Liabilities, Personnel and Proceedings specified under SCHEDULE 'C', and the same shall consist of:

I. Distribution Assets:

a) All existing and under-construction 220 kV, 66 kV, 33 kV, 11 kV, LT (single phase 2 wire and 3 phase 5 wire) lines (including overhead lines, aerial bunched cables, underground cables) and sub-stations on different types of supports with various sizes of conductors and step up/ step down transformers, breakers, protective and metering devices and control rooms, testing laboratories, right of way buildings (used exclusively for distribution business), roads, diesel generating sets, service connections and installations inside consumer's premises as on the Transfer Date.

b) The land shall not be transferred to the Company. This includes land under the distribution assets or other assets transferred to Company. However, the Company shall have the right to use such land to the extent required for the purpose of carrying out the transferred functions, as given in Schedule 'A'. Such land, presently in use and occupation of the EWEDC, shall be made available by the Administration to the Company on a right to use basis on payment of nominal charges to be specified by the Administration.

c) A nominal charges @ Rs.1.00 lac per month shall be payable by the Distribution Company/successor entity for Right to Use of Land. However, ownership shall remain with the Chandigarh Administration. The above Right to Use is further subject to the following conditions:

1) The Distribution Company/Successor entity will

follow all relevant Building Byelaws duly notified by the Chandigarh Administration from time to time with amendments upto date.

2) The Distribution Company/Successor entity shall not carry out construction/addition/alteration without prior approval/concurrence of Engineering Department and Department of Urban Planning.

3) The Distribution Company/Successor entity shall not use the premises/assets for any commercial activity other than the transferred functions assigned.

4) The Distribution Company/Successor entity shall allow the entry of the officials of Chandigarh Administration in the premises for official purpose, whenever required.

5) All the statutory act, rules/regulations and provisions made therein as applicable in Chandigarh shall be remained applicable.

(List of buildings and offices to be provided on right to use basis is enclosed as Schedule-B1)

II. Power Purchase Agreements/Transmission Agreements:

- a. All existing PPAs as on Transfer Date.*
- b. Transmission Service Agreements/Wheeling Agreements/Bulk Power Transmission Agreement and other agreements with transmission licensees/CTU/STU etc. as on Transfer Date.*

III. General Assets:

(a) Special tools and equipment, material handling equipment, heavy and light vehicles, furniture, fixtures, office equipment, air conditioners, refrigerators, computers and signal systems, spares, consumables, raw materials, civil work installations, testing laboratories, and equipment, training centres, workshops, work in progress, machinery and equipment for repairs, scraps and Obsolete etc.

(b) Buildings dedicatedly/ solely occupied and used by

EWEDC for its power distribution function. This does not include the land including land under the buildings.

IV. Miscellaneous:

- a) Contracts, agreements, interest and arrangements to the extent they are exclusively or primarily associated with or related to electricity distribution and retail supply activities.*
- b) Loans, secured and unsecured to the extent specified in the Opening Balance Sheet.*
- c) Cash and bank balance to the extent specified in Opening Balance Sheet, other current assets to the extent they are exclusively or primarily associated with or related to distribution and retail supply activities.*
- d) Current and other liabilities and provisions to the extent specified in the Opening Balance Sheet and all contingent liabilities;*
- e) Proceedings to the extent they are exclusively or primarily associated with or related to distribution and retail supply and laboratory/ meter testing activities or assets referred to in the items I, II and III and IV (a) above except those enumerated in SCHEDULE 'C'.*

[Emphasis supplied]

SCHEDULE 'C'

FUNCTIONS, ASSETS, PROCEEDINGS AND LIABILITIES NOT TRANSFERRED TO THE COMPANY

Unless otherwise specified by the Administration, the Assets, Liabilities, Personnel and Proceedings in relation to the following shall not be transferred to the Company:

- I. Functions not transferred:*
 - a. Functions of State Transmission Utility for the UT of Chandigarh.*
 - b. Functions of policy making, planning and coordination.*
 - c. Functions which are not specifically transferred to the Company under this Scheme.*
 - d. Functions of State Load Despatch Centre.*

II. Assets not transferred:

- a. Land in occupation of EWEDC,*
- b. Buildings of the Administration occupied for other purposes, where EWEDC has a shared occupancy for distribution and retail supply related activities.*
- c. The Company shall return the Past Arrears as and when collected from consumers to the Administration after keeping an incentive of twenty percent (20%) on recovery of Past Arrears from permanently disconnected consumers and ten percent (10%) on recovery of Past arrears from consumers other than permanently disconnected consumers. The Administration shall have the right to audit the collection against Past Arrears on periodic basis.”*
[Emphasis supplied]

13. From the perusal of above quoted clauses, it is evident that liabilities shall include consumer related contingent liabilities which may arise in regard to dealings prior to transfer date. The respondent is claiming that on the part of petitioners there was short payment of electricity dues, thus, it was consumer related contingent liability. Contention of the respondent is misconceived because expression ‘liabilities’ covers liabilities of the company and does not cover liabilities of the consumer. The petitioners are consumers. As per said Clause, at any stage i.e. post transfer date, liability of the company may arise with past transactions of consumer. The said liability is covered under aforesaid expression. It may be understood with an example. There may be a consumer who has not utilized electricity, however, invoice was raised. At a later stage, it is established that consumer was not liable to pay amount depicted in the invoice. The company would be liable to refund the said amount. This liability is contingent liability which may arise in future. The respondent has wrongly relied upon expression “liabilities” used in the notification.

There is fundamental difference between assets and liabilities. The demand

from consumer is 'contingent or current asset' of the company whereas amount payable to consumers is 'current or contingent liability'.

14. Expression 'assets' has been defined in the scheme. In the definition of 'assets', amount which may be recoverable from consumer with respect to electricity supplied before the transfer date has not been included. The position is rather contrary. Entry II(c) of Schedule 'C' provides that company shall return past arrears as and when collected from the consumer to the U.T. Administration after keeping an incentive of 20%. This makes it clear that scheme has not transferred assets which may be in the form of contingent liabilities of the consumer.

15. The respondent has further relied upon expression 'past arrears' as defined in the scheme. As per scheme, 'past arrears' are amounts overdue from consumers as on the transfer date which are not included as receivable in the opening balance sheet of the company. The definition makes it clear that past arrears are not part of receivables shown in the opening balance sheet of the company. It is apt to notice here that as per accounting principles, recoverable amount is counted under heading 'Receivables' or 'Sundry Debtors'. The scheme has not transferred 'past arrears' to CPDL leaving aside amount which may become recoverable on a future date.

16. The respondent has further relied upon expression 'proceedings' defined in the scheme. The respondent claims that as per Part-D of the Scheme, the electricity distribution and retail supply undertaking including assets, proceedings and liabilities stand transferred to the company. As per Part-D, assets, proceedings and liabilities as set out in Schedule 'B' have been transferred to the company. All the assets and

proceedings have not been transferred to the company e.g. land of the U.T. Administration has not been transferred. There are many assets as noticed in Schedule 'C' which have not been transferred to the company. Perusal of Schedule 'B' reveals that there are many assets which are transferred to the company. Clause IV(e) of Schedule 'B' provides that proceedings to the extent they are exclusively or primarily associated with or related to distribution and retail supply and laboratory/meter testing activities or assets referred to in the items I, II and III and IV(a) shall transfer to the company. The expression 'proceedings' has been defined in Part B of the scheme. Part G of the scheme provides for proceedings of whatever nature by or against the Administration pending on the transferred date shall not abate or discontinue and such proceedings may be continued, prosecuted or enforced by or against the company. The proceedings mentioned in Schedule 'C' would continue with the Administration. The proceedings mentioned in Para 3 of Part G may be continued in the same manner and to the extent as it would or might have been continued, prosecuted and enforced by or against the Administration if the transfer specified under the scheme had not been made. From the conjoint reading of Part G and definition of 'proceedings', it is evident that Administration has transferred all the proceedings either civil or criminal which were pending on the transfer date. The proceedings mentioned in the Schedule 'C' are not transferred and shall continue to be followed by Administration. The aforesaid Part of the Scheme does not provide that proceedings which may be initiated against the consumer subsequent to transfer date, however, with respect to past period are transferred to CPDL. In the absence of transfer of right to inspect, assess and raise demand with respect to past

period, the company cannot raise demand while relying upon scheme notified by aforesaid notification.

17. The transfer scheme was notified in terms of Section 131 of 2003 Act. As per said Section, scheme has to be framed. In the scheme, rights, liabilities, assets, functions etc. to be transferred have to be identified as well as incorporated. Section 131 does not provide for transfer of right to initiate recovery proceedings with respect to past period. The respondent is relying upon scheme and scheme as noticed hereinabove does not empower respondent to initiate recovery proceedings with respect to past period.

18. The Union Legislature w.e.f. 01.07.2017 introduced Central Goods and Services Tax Act, 2017 (for short '2017 Act'). Section 174 of 2017 Act repealed Central Excise Act, 1944 and few other enactments. Despite existence and availability of Section 6 of General Clauses Act, 1897, the Legislature saved pending as well as to be initiated proceedings under repealed enactments. Tax liability under repealed Acts could arise after introduction of 2017 Act e.g. evasion or short payment of excise duty could be detected after July' 2017. To initiate proceedings under repealed Act, the legislature in Section 174(2) of 2017 Act specifically made provision. Section 174 of 2017 Act reads as:-

“174. Repeal and saving.—(1) Save as otherwise provided in this Act, on and from the date of commencement of this Act, the Central Excise Act, 1944 (1 of 1944) (except as respects goods included in entry 84 of the Union List of the Seventh Schedule to the Constitution), the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 (16 of 1955), the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957), the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (40 of

1978), and the Central Excise Tariff Act, 1985 (5 of 1986) (hereafter referred to as the repealed Acts) are hereby repealed.

(2) The repeal of the said Acts and the amendment of the Finance Act, 1994 (32 of 1994) (hereafter referred to as “such amendment” or “amended Act”, as the case may be) to the extent mentioned in the sub-section (1) or section 173 shall not—

(a) revive anything not in force or existing at the time of such amendment or repeal; or

(b) affect the previous operation of the amended Act or repealed Acts and orders or anything duly done or suffered thereunder; or

(c) affect any right, privilege, obligation, or liability acquired, accrued or incurred under the amended Act or repealed Acts or orders under such repealed or amended Acts: Provided that any tax exemption granted as an incentive against investment through a notification shall not continue as privilege if the said notification is rescinded on or after the appointed day; or

(d) affect any duty, tax, surcharge, fine, penalty, interest as are due or may become due or any forfeiture or punishment incurred or inflicted in respect of any offence or violation committed against the provisions of the amended Act or repealed Acts; or

(e) affect any investigation, inquiry, verification (including scrutiny and audit), assessment proceedings, adjudication and any other legal proceedings or recovery of arrears or remedy in respect of any such duty, tax, surcharge, penalty, fine, interest, right, privilege, obligation, liability, forfeiture or punishment, as aforesaid, and any such investigation, inquiry, verification (including scrutiny and audit), assessment proceedings, adjudication and other legal proceedings or recovery of arrears or remedy may be instituted, continued or enforced, and any such tax, surcharge, penalty, fine, interest, forfeiture or punishment may be levied or imposed as if these Acts had

not been so amended or repealed;

(f) affect any proceedings including that relating to an appeal, review or reference, instituted before on, or after the appointed day under the said amended Act or repealed Acts and such proceedings shall be continued under the said amended Act or repealed Acts as if this Act had not come into force and the said Acts had not been amended or repealed.

(3) The mention of the particular matters referred to in sub-sections (1) and (2) shall not be held to prejudice or affect the general application of section 6 of the General Clauses Act, 1897 (10 of 1897) with regard to the effect of repeal.”

[Empasis supplied]

The above-quoted Section may not be directly applicable to Electricity Act, 2003 being different kind of enactment, however, principle seems to be applicable.

19. In the wake of above discussion and findings, this Court is of the considered opinion that by notification dated 31.01.2025, the Administration has not transferred right to respondent-company to raise demand for the period prior to transfer date, thus, demand raised prior to transfer date by respondent is bad in the eye of law. Therefore, the petition deserves to be allowed and accordingly allowed. The assessment order dated 10.12.2025 is hereby set aside.

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

(JAGMOHAN BANSAL)
JUDGE

23.04.2026
Prince Chawla

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