

**BEFORE THE ELECTRICITY OMBUDSMAN**  
**(For the State of Goa and Union Territories)**  
**Under Section 42 (6) of the Electricity Act, 2003**  
3<sup>rd</sup> Floor, Plot No. 55-56, Udyog Vihar - Phase IV, Sector 18  
Gurugram (Haryana) 122015,  
Email ID: [ombudsman.jercuts@gov.in](mailto:ombudsman.jercuts@gov.in)  
Phone No.:0124-4684708

**Appeal No-196 of 2023**

**Date of Video Conferencing: 10.08.2023**

**Date of Order: 21.08.2023**

Shri C.Rajuvelu,  
Puducherry

.... Appellant

**Versus**

The Superintending Engineer com HOD,  
Electricity Department,  
Puducherry and others

.... Respondent

**Parties present:**

**Appellant(s)**

1. Sh. C. Rajuvelu

**Respondent(s)**

1.Sh. G. Kaniyamuthan,  
Executive Engineer  
2. Sh. K. Ramanathan,  
Executive Engineer



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Date of Order: 21.08.2023

The Appellant has preferred an Appeal against the orders of Ld. CGRF-Puducherry in CC No-183/2022 tiled Shri C.Rajuvelu vs Electricity Department-Puducherry. The Appeal was admitted on 12.07.2023, as Appeal No.196 of 2023. Copy of the same as received was forwarded to the Respondents with a direction to submit their remarks/ counter reply on each of the points. The counter reply received from the Respondents was supplied to the Appellant for filing the Rejoinder.

**(A) Submissions by the Appellant:**

**FACTS OF THE CASE: -**

1. The appellant submits that on 01-09-2022 he had purchased a house property in the name of his wife Mrs. Loganayaguy Bigote. The house property being situated at Uppalam in the jurisdiction of the Respondents electricity servicing area. The said property was acquired by way of auction sale from the State Bank of India on 01-09-2022 by paying a sale consideration of Rs.73,73,000/-. The said property was registered before the office of the District Registrar, Puducherry Vide Doc No. 27601 of 2022, Dt.01-09-2022. This appellant out of his hard-earned money from the retirement benefits has purchased the said property in the name of his wife. The Bank officials had not informed this appellant about the dues payable by the previous owner whatsoever may be.
2. After registering the property in the name of his wife when this appellant visited the property, he came to know that there was no power supply. Hence this appellant's wife Mrs. Loganayaguy Bigote had given a letter Dt.-22/09/2022 to the AE, to provide electricity connection to her purchased house property.
3. Then, only it came to the knowledge of this appellant that the previous owner had made default in electricity charges even before the year of 2016.
4. Further this appellant had made a representation before the Consumer Grievances Redressal Forum, Puducherry and the same was numbered as Consumer Case No. 183/2022. In which the Respondents themselves had admitted that the previous owner Mrs. Mangalorne had made default in payment of electricity charges even before the year of 2016 to till the date of disconnection on 09/04/2022.
5. As on October 2016 the arrear amount was Rs.2,67,856.00/- which is exorbitant amount. The previous owner has made willful deliberate default in payment of electricity charges. Moreover, the Respondents have not taken any action to collect the arrears amount from the previous owner for these many years. The interest calculation as derived by the Respondents is also exorbitant interest and the penalty rate is highly excessive. The CGRF, Puducherry vide its order Dt.- 22/12/2022 has directed this appellant to pay the outstanding arrear amount of Rs. 3,61,109/- which is quite irrelevant, since this appellant was not the real consumer for the said electricity charges as derived by the Respondents.



6. This appellant has not consumed a single electricity unit to till date from the said Policy No. 01 - 05 - 01 - 0005B/A2, being provided by the Respondents herein. The real consumer was Tmt. Mangalorne and she had only made default in payment to the Respondents. This appellant without any consumption of power from the Respondents is not liable to pay the arrears amount of the previous owner. The Respondents had not collected the arrears amount from the previous owner. The Respondents are deemed to collect the arrears amount till the date of 01/09/2022 from the previous owner Tmt. Mangalorne under the Revenue Recovery Act. This appellant cannot be taxed for the wrongs of others, which is illegal.
7. It is humbly submitted before this Electricity Ombudsman that the Consumer Grievances Redressal Forum, Puducherry has directed this appellant to pay the outstanding arrears amount of Rs. 3,61,109/- to the Respondent. This appellant before this Electricity Ombudsman is not the real consumer in the strict sense of consumption of power by him, for which he has been directed to pay the arrears amount. The previous owner has made default in paying the electricity current consumption charges right from the year of 2016 to till the date of disconnection i.e on 09/04/2022. Thus, there is deliberate fault on the Respondents for not collecting the arrear amount from the previous owner for so many years, for which taxing this innocent bonafide appellant is unfair & unjust and more over against the principles of natural justice. This appellant *further assures* and undertakes to pay the Electricity charges right from date of Purchase of the property in the name of his Wife Mrs. Loganayaguy Bigote. Hence it is most humbly prayed that this Ombudsman Forum may please to pass necessary orders by directing the Respondents to collect the arrears amount from the previous owner Mrs. Mangalorne under the Revenue Recovery Act. Simultaneously directing the respondents to facilitate supply to this Appellant's newly purchased house. No compensation claimed. Request is to waive of the arrear amount for the said Electrical Policy from the head of this appellant.
8. I further submit that I was supposed to present this appeal within 30 days from the receipt of the same. But due to my health complications and moreover I am a hyper Diabetic patient aged about 65 years and was bed ridden. Hence, I was unable to even do my day today activities. I was under medical treatment and the attached medical certificate Dt. 25-06-2023 stands proof of my sickness. At this juncture it would be appropriate that this Ombudsman forum may graciously be pleased to condone the delay of 158 days in presenting this appeal. Otherwise, great prejudice would be caused to me and great financial losses will also occur to me. Hence it is humbly requested before this Ombudsman forum to kindly admit this appeal preferred by me on your board for decision of the same at the earliest as possible

**(B) Submissions by the Respondent :**

Shri G. Kaniyamuthan, working as Executive Engineer, Urban O&M, Electricity Department, Puducherry, do hereby solemnly affirm and state on oath as under: -

1. That the deponent is working as Executive Engineer and is authorized by Electricity Department, Puducherry being Deemed Licensee to file this reply and represent on behalf of Electricity Department, Puducherry in this case.



2. That para-wise counter reply is as under:

I humbly submit that we may please be pardoned for submission of counter - reply on the last day of the time granted (within 20 days of admission notice i.e., from 12-07-2023) due to the occupations of various preliminary meetings of Line Departments held in connection with the visit of the Hon'ble President of India to Puducherry on the 7<sup>th</sup> and 8<sup>th</sup> of August 2023.

**Paras 1 – 6** : Details about the consumer and Electricity policy.

**Para 7** :

- i. I humbly submit that it is reported by the appellant that the house situated at 6, Saint Francis Xavier street, Nethaji Nagar - I, Uppalam, Puducherry – 605001 was acquired on 01-09-2022 by way of auction sale from State Bank of India at a cost of ₹ 73,73,000/- (Rupees Seventy Three Lakhs and Seventy Three Thousand only).
- ii. I humbly submit that the Electricity Policy existing at the above address is 01-05-01-0005B/A2 standing in the name of Tmt. Mangalorne. The above policy was under disconnected condition for non – payment of arrears of current consumption charges to the tune of ` 3,65,317 upto October 2022. After revision ordered by the CGRF it was ` 3,61,109/- as on October 2022.
- iii. I humbly submit that the service connection was disconnected for default in payment and reconnected after payment of part amount by the consumer during the periods from 2016 to 2022. The details of disconnection made and reconnection effected are listed below.

Sl. No.	Date of disconnection	Date of reconnection	Arrear amount paid`
1	28-03-2017	30-01-2017	90,000
2	25-02-2019	26-02-2019	50,000
3	17-05-2019	21-05-2019	50,000
4	17-03-2020	19-03-2020	30,000
Due to Corona Pandemic Peak, Domestic service connections were not disconnected in entire Puducherry region for default from March 2020 to March 2021			
5	18-04-2021	04-02-2022	10,000
6	01-03-2022	Under disconnection till date	
7	09-04-2022		

- iv. I humbly submit that it is not true that the department did not take any action to collect the arrears. The Department had resorted to disconnection for non-payment of CC charges arrears and the service connection was more or less continuously under disconnected condition since March 2021 i.e., after the Corona Peak period.
- v. I humbly submit that to ascertain whether the arrears of electricity are included in the quoted value while auctioning and whether the same has been informed to the bidder, a letter has been addressed the Assistant General Manager, RASMECC, State Bank of India, Puducherry.
- vi. In its reply the AGM, RASMECC, SBI has stated that *"The property had been sold as per the bank's Standard terms and conditions, which includes sale will be on "AS IS WHERE IS BASIS" and 'AS IS WHAT IS BASIS', the same had been agreed by the purchaser in her Application form / Sale confirmation advice."* The letter sent to the Bank and the reply obtained is attached for perusal please.
- vii. Further it may be seen from the sale deed that the property is sold with Electricity and Water Services.
- viii. I humbly submit that it is clearly established from the above that the purchaser was well informed about the condition of the property and the sale was inclusive of everything pertaining to the building which implies that the purchaser knew the cc charges due.
- ix. I humbly submit that it may also be seen that the property is purchased in the name of the appellant's wife Tmt. M. Loganayaguy Bigote who has been working in Electricity Department, Puducherry for 25 years and expressing that she did not know the CC charges arrears available in the said policy is not agreeable.
- x. I humbly submit that it is to be mentioned that the service was under disconnection since March 2022 and even while the property was being auctioned. Acquiring of property worth Rs. 77 Lakhs without visiting the property and without knowing the status is highly untenable. The purchaser is aware of the reasons for disconnection.
- xi. The CGRF in its order has rightly directed the complainant to pay the arrears of current consumption charges claimed by Electricity Department citing Clause 5.20 of JERC Supply Code Regulations 2018 which states:

*"Where the applicant has purchased an existing property whose electricity connection has been disconnected, it shall be the applicant's duty to verify the previous owner has paid all dues to the Licensee and obtained a no – dues certificate from him. In case where no-dues certificate has not been obtained by the previous owner before change in ownership of property, the new owner may approach the Licensee for such a certificate. The Licensee shall acknowledge receipt of such request and shall either intimate in writing the dues outstanding on the premises, if any, or issue a no-dues certificate within 1 month from the date of receipt of such application".*

Hence collecting of arrears from the present owner of the property is justifiable.



- xii. I humbly submit that the Electricity Department was neither aware of the pledge of the property nor the proposed auction by the Bank. The observation by the Hon'ble CGRF that the respondent had not taken steps to include the outstanding amount under the electricity service connection to the concerned bank before auctioning the premises may please be considered for deletion.
- xiii. I humbly submit that the interest calculated is not exorbitant and is in order as per the JERC Tariff Order being issued every year.
- xiv. It is submitted that the Hon'ble Ombudsman in a similar case vide Appeal No. 151/2021, dt. 11-10-2021, where the property was purchased without obtaining NOC from the department has dismissed the case ordering the arrears to be collected from the purchaser.

**Para 8:**

- i. I humbly submit that there was no supply at the time of registration and knowingly the purchase was executed. Question of consumption of electricity does not arise
- ii. I humbly submit that the purchaser is bound to pay the arrears as per the submissions made above.
- iii. I humbly submit that having clearly known about the arrears and as per the reply received from the bank it is established that the purchaser had bought the property in "*AS IS WHERE IS BASIS*" and "*AS IS WHAT IS BASIS*" along with the available Electricity service.
- iv. Electricity Department resorted to disconnection for collection of arrears and periodically being reconnected and remained disconnected for non-payment of arrears since March 2022.

**Para 10 :**

- i. The CGRF in its order has rightly directed the complainant to pay the arrears of current consumption charges claimed by Electricity Department citing Clause 5.20 of JERC Supply Code Regulations 2018
- ii. It is to be mentioned that the service was under disconnection since March 2022 and even while the property was being auctioned. Acquiring of property worth Rs. 77 Lakhs without visiting the property and without knowing the status is highly untenable. The purchaser is aware of the reasons for disconnection.
- iii. Collection of arrears from the present owner is highly justifiable and legal.
- iv. This department is ready to extend supply if the arrears are cleared or if sought to be cleared by instalments.



**(C) Orders of Ld. CGRF-Puducherry dated-22.12.2022 in CC No-183/2022 preferred for Appeal: -**

**ORDER**

*"i. The Complainant is directed to pay the arrears of current consumption charges claimed by the Respondent immediately. The Complainant is directed to approach the Respondent for availing instalment if required.*

*ii. Thus the complaint is not allowed.*

*iii. The Complainant, if aggrieved, by non-redressal of his / her grievance by the Forum or non-implementation of CGRF Order by the Licensee, may make an Appeal in prescribed Annexure-IV to the Electricity Ombudsman, Joint Electricity Regulatory Commission for the state of Goa and Union Territories, 3rd Floor, Plot No. 55-56, Pathkind Lab Building, Service Road, Udyog Vihar, Phase IV, Sector -18 Gurugram, Haryana-122015; Phone 0124-4684708; email [ombudsman.jercuts@gov.in](mailto:ombudsman.jercuts@gov.in) within 30 days from the date of this Order under intimation to this Forum and the Respondents."*

**(D) Deliberation during e-hearing on 10.08.2023: -**

**1. Appellant's Submission:**

- a) Shri C. Rajuvelu -Appellant, reiterated his stand as submitted in the Appeal.
- b) He further submitted that he has applied for temporary connection as well as permanent connection, but the respondents are asking to deposit Rs.3,61,109/- as arrears of the previous owner. However, he admitted that he has not attached any documents with the Appeal, to prove that he has applied for temporary/permanent connection.
- c) He further stated that he has purchased the property in open public auction and no outstanding was intimated in the auction notice by the bank.

**2. Respondent's Submission:**

- (i) Shri G.Kaniyamuthan along with Shri K.Ramanathan, both Executive Engineer reiterated the stand of the Respondents as submitted in the counter reply.
- (ii) They further submitted that as per Supply Code Regulation-5.20 and the dictum of Electricity Ombudsman -JERC, in Appeal No-151/2021, the Appellant is required to clear the outstanding dues of the previous owner.
- (iii) They further submitted that SBI bank has also confirmed that property was auctioned on "As is Where is Basis and As is What is Basis". Therefore, the Appellant is required to clear the outstanding dues before release of a connection.
- (iv) On being asked by the Electricity Ombudsman that as per data supplied since January,2015 to May,2023, the New reading of meter is shown as MS-60 with outstanding amount of Rs.1,55,299/- as on January,2015 and this code MS-80 continued till Sept.,2016. During this period the previous consumer was charged 700 units per month. The connection was



permanently disconnected (DC) from Oct.,2016 to March,2017 and thereafter in April,2017 a new meter was installed.

Shri G.Kaniyamuthan clarified that MS-80 means that meter is defective for the last 80 months and DC means permanently disconnection. He further submitted that connection was reconnected at the request of the consumer when the part payment was made.

- (v) On being asked by the Electricity Ombudsman that as per data supplied by the Respondents, when the connection had been permanently disconnected from Oct.,2016 to March,2017 and thereafter from Oct.,2022 to May,2023, why late payment surcharged is being levied, which is against the provisions of Tariff Order's General Terms and Conditions under heading Late payment surcharge. He has no answer.

**(E) Findings & Analysis: -**

1. I have perused the documents on record, in Appeal No-196/2023, CGRF order dated-22.12.2022 and pleadings of the parties.

2. (a) The documents submitted by the parties have been believed to be true and if any party submitted a fake/forged document, then they are liable to be prosecuted under relevant Indian Penal Code/Rules/Regulations.

(b) In view of the circumstances explained by the Appellant, the delay of 158 days in filing the Appeal is condoned in the interest of justice.

3. The issues which have arisen for considerations in the present Appeal are as under: -

(i) Whether the outstanding arrears of Electricity Bill of the previous consumer having policy No—01-05-01-0005B/A2 is correct, as per data supplied by the Electricity Department?

(ii) Whether the Appellant is required to pay the outstanding arrears of Electricity Bill of previous owner?

4. Regarding the issue as at 3(i) above, as to whether the outstanding arrears of Electricity Bill of the previous consumer having policy No—01-05-01-0005B/A2 is correct, as per data supplied by the Electricity Department?

(a) Following provisions have been provided in the Supply Code Regulations – 2018 as amended thereof by the Hon'ble Regulatory Commission: -

**i) Billing in case of defective/stuck/stopped/burnt meter**

7.12 In case of defective/stuck/stopped/burnt meter, the consumer shall be billed on the basis





of higher of monthly consumption of corresponding month of the previous year and average monthly consumption of immediately preceding three months. These charges shall be leviable for a maximum period of three months only during which time the Licensee is expected to have replaced the defective meter.

- 7.13 In case, the Maximum Demand Indicator of the meter at the consumer's installation is found to be faulty or not recording at all (unless tampered), the Demand Charges shall be calculated based on maximum demand during corresponding months/billing cycle of previous year, when the meter was functional and recording correctly. In case, the recorded maximum demand of corresponding month/billing cycle of past year is also not available, the maximum demand shall be calculated based on the load factor as per the mechanism specified in Annexure XIX of the Supply Code, 2018.

## **ii) DISCONNECTION AND RECONNECTION**

- 9.1 The supply may be disconnected temporarily or on a permanent basis as per the procedure described below. The Licensee shall remove service line, meter, etc., after permanent disconnection. However, the Licensee may not remove service line, meter, etc., in case of temporary disconnection.
- 9.2 The charges for connection, reconnection and disconnection shall be in accordance with the Schedule of Charges approved by the Commission.

### **Temporary Disconnection**

9.3 The supply may be disconnected temporarily in following cases:

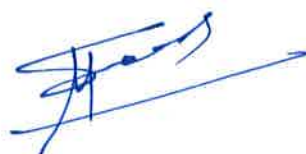
- (1) On non-payment of the Licensee's dues: The Licensee may issue a disconnection notice in writing, as per Section 56 of the Act, to any consumer who defaults on his payment of dues, after giving him a notice period of minimum 15 working days to pay the dues. Thereafter, the Licensee may disconnect the consumer's installation on expiry of the said notice period by removing the service line/meter as the Licensee may deem fit;
- (2) If the conduct/continuance of any business/industry/activity being carried out in any premises becomes unlawful due to lack of necessary permission or withdrawal of permission from the competent authority;
- (3) If the wiring, apparatus, equipment or installation at the consumer's premises is found to be defective or there is leakage of electricity or if the consumer is found to have altered the position of the meter and related apparatus or if the consumer uses any apparatus or appliance or uses the energy in such manner as to endanger the service lines, equipment, electric supply mains and other works of the Licensee, or is found to be using it in any manner which unduly or improperly interferes with the efficient supply of energy to any other consumer;



- (4) If at any time, the consumer is found to be using energy for a purpose other than for which it was intended / provided or tampers with the meter and/or other apparatus of the Licensee on his premises or extends/allows supply of energy to any other premises from his connection;
- (5) If the consumer remains unavailable for meter reading for two or more billing cycle after factoring in advance payment for the period of absence, if any as per the provisions of this Supply Code, 2018.
- 9.4 *The supply shall be disconnected after giving a notice period of minimum 15 days. The supply shall be disconnected only if the cause of the disconnection is not removed within the notice period.*
- 9.5 *The Licensee shall, after the connection is temporarily disconnected as per Regulations 9.3(2), 9.3(3) and 9.3(4), issue a notice to the consumer to remove the cause of disconnection within 45 days for domestic consumer and 15 days for consumer of other categories, respectively, failing which the supply shall be disconnected permanently.*
- 9.6 *The Licensee may take steps to prevent unauthorized reconnection of consumers disconnected in the manner as described above. Wherever the Licensee discovers that connection has been re-connected in an unauthorized manner, Licensee may initiate action as per provisions of Section 138 of the Act. Further, in case the Licensee discovers that supply to such premises has been restored through another live connection, the same shall also be disconnected.*

#### **Permanent Disconnection**

- 9.7 *The supply shall be disconnected permanently in following cases:*
- (1) *On the termination of the Agreement;*
- (2) *If the cause for which the supply was temporarily disconnected is not removed within the notice period:*
- Provided that if the service of the consumer remains continuously disconnected for 180 days, not being a temporary disconnection upon request of the consumer, the Agreement shall be deemed to be terminated on the expiry of 15 days or after expiry of the initial period of agreement, whichever is later without prejudice to the rights of the Licensee or of the consumer under the Act for recovery of any amount due under the Agreement.*
- (b) *Following provisions have been provided in the Tariff Order dated 30.03.2023 notified by the Hon'ble commission for the Puducherry: -*



### 10.3 – General Term and conditions –

10) *Late Payment Surcharge shall be applicable to all categories of consumers. Late payment surcharge of 1.5% per month or Part thereof shall be levied on all arrears of bills, In case the delay is less than a month, the surcharge will be levied at 1.5% per month on Proportionate basis considering a month consists of 30 days. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50paise shall be ignored and amount of 50 Paise or more shall be rounded of next rupee. **In case of permanent disconnection, Late payment surcharge shall be charged only up to the month of permanent disconnection.***

(c) A perusal of the consumption data from January,2015 to May,2023, as supplied by the Respondents reveals that as on January,2015 the New Meter reading has been shown as MS-60 with outstanding arrears of Rs.1,59,229/-. This MS code (MS means Defective Meter as explained by the Respondents in VC hearing) continued till September,2016 as MS-80. This means that meter was defective for 80 months and Respondents were charging an average of 700 units per month to the previous owner of the property. As per Supply Code Regulations {para-4(a)(i) above}, the Respondents cannot charge average for more than 3 months. This shows that bill has not been prepared correctly on account of charging of average for defective meter.

The other discrepancy noticed is regarding the reconnection. As per consumption data supplied, the connection was DC (DC means permanently disconnected as explained by the Respondents in VC hearing) from October,2016 to March,2017. As per Supply Code Regulations {para-4(a)(ii) above}, after 180 days, the Agreement shall be deemed to be terminated on the expiry of 15 days or after expiry of the initial period of agreement. It appeared from the data that connection was permanently disconnected for more than 180 days, then how the connection was reconnected needs to be looked. The Respondents had also not adhered to the time schedule of temporary/permanent disconnection in case of payment of dues.

Another discrepancy noticed was that as per consumption data supplied by the Respondents the connection was permanently disconnected (DC) from October,2016 to March,2017 and from October,2022 to May,2023. As per Tariff Order {para-4(b) above}, no late payment surcharge can be levied on a permanently disconnected (DC) connection. However, the consumption data shows that surcharge is being levied regularly. This is against the provisions of Tariff Order.

(d) In view of the above discussions, it is amply clear that outstanding electricity bill has not been prepared correctly as per Regulations/Tariff Order. The electricity bill needs to be rechecked and corrected accordingly, so that genuine outstanding is reflected for recovery.



5. Regarding the issue as at 3(ii) above, as to whether the Appellant is required to pay the outstanding arrears of Electricity Bill of previous owner?

- (a) The first contention of the Respondents is that as per Supply Code Regulations, section-5.20 and orders passed by the Electricity Ombudsman in Appeal No-151/2021, the purchaser of the property is required to obtain NOC from the Electricity Department and make the payment of the outstanding dues accordingly.

I have perused these documents. In Appeal No-151/2021 decided on 11.10.2021, the purchaser Thiru M. Jayakumar had purchased a property from P. Karunakaran & P. Muralidharan sons of V.S. Pandurangan by virtue of sale deed dated-08/07/2019. At that time P. Karunakaran & P. Muralidharan assured that there is no outstanding and to that effect they had furnished bill for the month of August 2019 dated 27/09/2019 for Rs784/-. Later on a recovery of Rs.1,17,715/- was slapped on the purchaser.

In Appeal No-151/2021 case individual purchaser had purchased property from the individual seller as per their negotiated rates, understanding and other terms and conditions. They are governed by their sale deeds as mutually agreed between them. Accordingly, this case was decided in light of provisions of Supply Code Regulations. But the present case is of a property purchased in open public

E-auction and there is no mention of any liability/outstanding dues in the public E-auction notice.

In view of the above submission, in my opinion the contention of the Respondents does not support in this case, which have different facts. Accordingly, this contention of the Respondents is hereby rejected.

- (b) I have gone through the orders of Ld. CGRF. Though they have noted the judgement passed by the 2-judge bench of Hon'ble Supreme Court of India, titled Telengana State Southern Power V/s Srigdha Beverages, decided on dated 01/06/2020, but they have erred in appreciating the facts in the present case. In the said judgement the relevant provisions of the para / E-auction notice are reproduced below:-

" 2. The unit in question is a mineral water bottling plan situated inland measuring 1 acre 13 *guntas* in Sy. No.283 at Rampally Village, Keesara Mandal, Medchal District. As mentioned, aforesaid, on account of failure to repay a loan, the creditor, Syndicate Bank, brought the property to auction for which an E-auction sale notice dated 25.5.2017 was issued in this behalf, in which the respondent was the successful auction-purchaser. In order to appreciate the controversy before us, it is necessary to reproduce some of the relevant clauses of the auction notice:

"The property described below is being sold on "AS IS WHERE IS, WHATEVER THERE IS AND WITHOUT RECOURSE BASIS" under the rule no.8 & 9 of the Security Interest (Enforcement) Rules (hereinafter referred to as the rules) for the recovery of the due detailed as under:



Over the property, as known to the bank	<p>the following transactions observed in EC</p> <ol style="list-style-type: none"> <li>1. As per the doc no 2611/2016 dated 15/06/2016, the mortgager has sold the property to the extent of 540 sq yds., to private party, for worth of Rs.972000/-</li> <li>2. As per the doc no.657/2015 dated 05/02/2015, the mortgager has sold the property to the extent of 620.83 sq.yds. to The Executive officer Ramapally Gramapanchayat for worth of Rs.1242000/-.</li> <li>3. As per the doc no 2721/2014 dated 05/08/2014, the mortgager has sold the property to the extent of 204.75 sq yds to The Gramapanchayat Executive officer Ramapally for worth of Rs.248000/-.</li> </ol>
Details of outstanding dues of Local Government (Property tax, Water sewerage, electricity bills, etc.)	<b>Rs.83,17,152/- (Eighty Three Lakhs Seventeen Thousand One Hundred Fifty Two Only)</b>
Reserve Price of Property	<p>For property no.01 Rs.77,63,000/-</p> <p>For property no.02 Reserve Price: Rs.5,83,37,000/- (Rupees five crores eighty three Lakhs thirty seven Thousand Only)</p> <p>Total 28 no of Machineres items reserve price: Rs.3,25,28,000/- (three crores twenty five lakhs twenty eight thousand only)</p>

The total amount due as on 30-04-2017	Rs.13,97,26,258.77 (Rs. Thirteen crores ninety seven lakhs twenty six thousand two hundred fifty eight and paise seventy seven) with future interest & costs till date of payment accounts no 1) 373OSLB140940002 &2) 30151010006439
Details of encumbrances	<p>For property no.01 Nil</p> <p>For property no.02: The subsequent to our MOD,</p>



Therefore, in the said case of Telengana State Southern Power V/s Srigdha Beverages, it was clearly mentioned in the E-auction notice that there was an outstanding dues of Local Government (Property tax, Water sewerage, electricity bills, etc.) amounting to Rs. Rs.83,17,152/- and accordingly, the case was decided against the purchaser of the property.

c) Now let us examine the E-auction Notice published by the State Bank of India in present case which is reproduced as under:-

<p><b>State Bank of India</b></p> <p>Rasmecc – Puducherry</p> <p>208, Anna Salai, Vignesh Comple, Puducherry 605001 email ID: sbi.co.in Mobile No:944215568, Ph:0413-2233803</p>
<p><b>E-AUCTION SALE NOTICE</b></p> <p>SALE OF IMMOVABLE ASSTES CHARGED TO THE BANK UNDER THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL Assets and enforcement of security Interest Act 2002</p> <p>The Undersigned as Authorized officer of State Bank of India has taken over possession of the following properties u/s 13(4) of the SARFAESI Act, Public at large is informed that e-auction under SARFAESI Act 2002) of the charged properties in the below mentioned cases of realization of Bank's dues will be held on "AS IS WHERE IS BASIS AND AS WHAT IS BASIS."</p>

Date of E- Auction	28-06-2023
Date and Time for submission of request letter participation /KYC documents/ Proof of EMD Etc	On or before 5.00 PM on 27-6-2022
EMD Remittance	Bidders on wallet Registered with M/s MSTC Ltd, on its e- auction site( <a href="http://www.mstcecommerce.com/auction/home/ibapi/index.jsp">HTTP://www.mstcecommerce.com/auction/home/ibapi/index.jsp</a> ) by means of NEFT/RTGS
Date & time of inspection properties	On 22-6-2022 between 11:00 Am to 3:00 p.m
Bid Increment Amount	Rs. 25000/-



S. no	Name of the Borrower (S) & Address etc.	Outstanding Dues for recovery of which properties are being sold
1.	Housing Term Loan Ac No- 30440490737 Mrs. Mythili Penyanamy No 06 St. Francis Xaviour Street Nethaji Nagar- 1 Uppalam Puducherry -605001 Mrs. Mythili Penyanamy No 3 Square Charles, Baudelaire, 91000-	Rs./ 1,12,43,682/- as on 24-05-2022 interest thereon + expenses and recovery Charge  Demand Notice Date: 6-03-2012 Possession Notice Date:11-09-2014

Reserve price rate 72,66,000/- below which the properties will not sold Ernest money deposit (EMD) @10% of the Reserve price i.e Rs 7,26,600/-

Time of e- auction from 11:00 am to 12:00 noon with unlimited extension of 5 Minutes

DESCRIPTION OF PROPERTY	<p>Document No 4208 dated 04-08-2008: All that piece and parcel of land property in the registration district of Puducherry, In the Puducherry – Registration district, within the limit of Puducherry Municipality, Puduchery, Commune, Village No- 40, Puduchery Revenue Village , situated at Uppallam, Puducherry, comprised in . as per document ward “F” Block No-7 , T.S No ¼ , resurvey nos 392/2 part, 390/3, Cad no. 152 Prt 172 part 174 part, 175 part, 153 part 154 partPatta no-1086, plot Bearing Nos 7&amp;8. Measuring east to West on Northern Side 70 ½ ft, On southern Side 60 ft, South to North on Estern Side 24ft, and Side 24 ft, and on Western Side 61 ft, having extent of 2720 Sq. ft, Door No-6. Asper the settlement: Ward “F”, Block No-7, T.s No. ¼ Patta No- 1086. A brick Built R.C.C terraced with ground and First floor building including Electricity and water service(Govt. Permission Nos : 8298/91/ULC/E1/394, dated 31.08.1991 &amp; 7434/ULC/E1/91/391, DATED 3-08-1991)</p> <p><b>Boundaries: North by:</b> coconut tree thopu, South by: Plot No-6 East Bby Coconut Tree thope West by : New Street, Together with bulid with Ground and First Flor and all other appurtenances. The Property belongs to Smt Mythili Periyasamy D/o Shri Periyasamy</p>
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In this said E-auction notice, nowhere it has been specified that there is any outstanding dues/ liability on account of any Local Government (Property tax, Water sewerage, electricity bills, etc.). Therefore, the question of making any enquiries by the bidders, regarding outstanding dues does not arise. The price loading on account of outstanding dues, be it rupee one or one crore will only lead to speculations and the bidding price will not be reasonable and will defeat the whole purpose of public E-auction to be competitive. Therefore, in my considered view if the E-auction notice does not specify/quantify any outstanding dues, it will be against the principles of natural justice to burden the purchaser of a new property through E-auction notice .

(d) The 3-judge bench of The Hon'ble Supreme Court of India in the case of Isha Marble vs Bihar State Electricity Board decided on 3-2-1995 has laid down the law regarding recovery of outstanding dues from the new purchaser of the property. Similar views were held by 2-judge bench the Hon'ble Supreme Court in the case of Haryana State Electricity Board vs Hanuman Rice Mills and Ors decided on 20.08.2010. The relevant para is reproduced below: -

*" 6. The High Court held that the demand was untenable in view of the decision in Isha Marbles. In Isha Marbles this court held that in the absence of a charge over the property in respect of the previous electricity dues, and in the absence of any statutory rules authorizing a demand for the dues of the previous occupant, an auction purchaser seeking supply of electrical energy by way of a fresh connection, cannot be called upon to clear the pre-sale arrears, as a condition precedent for granting fresh connection. This court further held that an Electricity Board could not seek the enforcement of the contractual liability of the previous owner/occupier against a purchaser, who was a third party in so far as the contract between the Electricity Board and the previous occupant and that an auction purchaser who purchases the property after disconnection of the electricity supply, could not be considered as a 'consumer' within the meaning of the Electricity Act, 1910 or Electricity (Supply) Act, 1948, even though he seeks reconnection in respect of the same premises. This court observed:*

*"Electricity is public property. Law, in its majesty, benignly protects public property and behoves everyone to respect public property. Hence, the courts must be zealous in this regard. But, the law, as it stands, is inadequate to enforce the liability of the previous contracting party against the auction purchaser who is a third party and is in no way connected with the previous owner/occupier. It may not be correct to state, if we hold as we have done above, it would permit dishonest consumers transferring their units from one hand to another, from time to time, infinitum without the payment of the dues to the extent of lakhs and lakhs of rupees and each one of them can easily say that he is not liable for the liability of the predecessor in interest. No doubt, dishonest consumers cannot be allowed to play truant with the public property but inadequacy of the law can hardly be a substitute for overzealousness."*

(emphasis supplied)

e) Therefore, in view of the above factual position and dictum of Apex Court, in my considered views the Appellant cannot be burdened with the outstanding dues of electricity of the previous owner, as he has purchased the property in open E-auction and nowhere in the E-auction public notice, it was specified/quantified that there were outstanding dues of any Local Government



(Property tax, Water sewerage, electricity bills, etc.). Ld. CGRF has erred in appreciating this factual position.

**(F) DECISION**

1. For the reasons discussed above, the Appeal of the Appellant is allowed.
2. The orders passed by the Ld. CGRF-Puducherry in CC No-183/2022 dated-22.12.2022 are set aside.
3. The Electricity Department-Puducherry/Respondents should recheck the electricity account of previous consumer as per Regulations and carry out the necessary corrections, so as to arrive at a correct amount for affecting recovery from the previous owner of the property as per Electricity Act-2003/Regulations.
4. The Electricity Department-Puducherry/Respondents should amend its billing software, so that no late payment surcharge is levied on the permanently disconnected connections as per provisions of Tariff Order.
5. The 1/3<sup>rd</sup> challenged amount of Rs 1,20,370/- deposited by the Appellant should be refunded within 15 days from the issuance of this Order by e-mail, failing which the Respondents are liable to pay the interest at the Bank Rate declared by the Reserve Bank of India prevailing on the 1<sup>st</sup> of April for the year, payable annually.
6. In case the Appellant applied for a Temporary/ New connection, it should be released as per Supply Code Regulations without insisting, to clear the dues of the previous owner of the property.
7. In case, the Appellant or the Respondents are not satisfied with the above decision, they are at liberty to seek appropriate remedy against this order from the appropriate bodies in accordance with Regulation 37(7) of the Joint Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2019.
8. Non-compliance of the orders of the Electricity Ombudsman by the Electricity Department/Licensee shall be deemed to be a violation of Regulations and shall be liable for appropriate action by the Hon'ble Commission under Section -142 of the Electricity Act, 2003.
9. The appeal is disposed of accordingly.

Dated:21.08.2023  
Gurugram (Haryana)



21-08-2023

(M.P. Singh Wasal)  
Electricity Ombudsman  
For the State of Goa & UTs