

**COURT OF THE LOK PAL (OMBUDSMAN),  
ELECTRICITY, PUNJAB,  
PLOT NO. A-2, INDUSTRIAL AREA, PHASE-1,  
S.A.S. NAGAR (MOHALI).**

**(Constituted under Sub Section (6) of Section 42 of  
Electricity Act, 2003)**

**APPEAL No. 04/2022**

**Date of Registration : 31.01.2022**

**Date of Hearing : 08.02.2022**

**Date of Order : 08.02.2022**

**Before:**

**Er. Gurinder Jit Singh,  
Lokpal (Ombudsman), Electricity, Punjab.**

**In the Matter of:**

Smt. Kanta Rani W/o Late Sh. Rajnish Goyal,  
C/o Star Polyfab, Mullanpur Road Humbran,  
Distt. Ludhiana.

...Appellant

Versus

Addl. Superintending Engineer,  
DS Adda Dakha Division,  
PSPCL, Ludhiana.

...Respondent

**Present For:**

Appellant: Sh. M.R. Singla,  
Appellant's Representative.

Respondent : 1. Er. Jugraj Singh, AAE  
O/o Addl. SE/ DS Adda Dakha Divn.,  
PSPCL, Ludhiana.  
2. Sh. Deepak Gupta, RA,  
O/o Addl. SE/ DS Adda Dakha Divn.,  
PSPCL, Ludhiana.

Before me for consideration is an Appeal preferred by the Appellant against the decision dated 13.12.2021 of the Consumer Grievances Redressal Forum (Forum), Ludhiana in Case No. CGL-452 of 2021, deciding that:

*“Amount of security already refunded is in order. No interest is liable to be paid on security to Petitioner.”*

## **2. Registration of the Appeal**

A scrutiny of the Appeal and related documents revealed that the Appeal was received in this Court on 21.01.2022 i.e within the stipulated period of thirty days of receipt of the decision dated 13.12.2021 of the CGRF, Ludhiana in Case No. CGL-452 of 2021 by the Appellant on 29.12.2021. The Appeal was filed in this Court by Smt. Kanta Rani, Appellant whereas the connection was applied by her husband late Sh. Rajnish Goyal and as such, a reference was made vide Memo No. 65/OEP/2022 dated 21.01.2022 for submitting authority letters from other legal heirs of late Sh. Rajnish Goyal and also for submitting the proof of receipt of decision of the Forum. In response of this letter, the Appellant had submitted above documents vide letter dated 24.01.2022 received in this Court on 31.01.2022 informing that she had two sons namely Sh. Ripan Goyal and Sh. Gaurav Goyal and their authority

letters in favour of Sh. M.R.Singla, Appellant's Representative (AR) were also enclosed and further she produced photocopy of the envelope vide which the decision of the Forum was sent to her and was received by her on 29.12.2021. The Appellant was not required to deposit requisite 40% of the disputed amount as the Appeal was on account of refund of the security amount. Therefore, the Appeal was registered on 31.01.2022 and copy of the same was sent to the Addl. SE/ DS Adda Dakha Division, PSPCL, Ludhiana for sending written reply/ parawise comments with a copy to the office of the CGRF, Ludhiana under intimation to the Appellant vide letter nos. 86-88/OEP/A-04/2022 dated 31.01.2022.

### **3. Proceedings**

With a view to adjudicate the dispute, a hearing was fixed in this Court on 08.02.2022 at 12.30 PM and an intimation to this effect was sent to both the parties vide letter nos. 96-97/OEP/A-04/2022 dated 02.02.2022. As scheduled, the hearing was held in this Court and arguments of both the parties were heard.

### **4. Submissions made by the Appellant and the Respondent**

Before undertaking analysis of the case, it is necessary to go through written submissions made by the Appellant and reply of the Respondent as well as oral submissions made by the

Appellant's Representative and the Respondent alongwith material brought on record by both the parties.

**(A) Submissions of the Appellant**

**(a) Submissions made in the Appeal**

The Appellant made the following submissions in its Appeal for consideration of this Court:-

- (i) The Appellant's husband late Sh. Rajnish Goyal had applied for Large Supply category connection, with load of 495.491 kW and CD as 495 kVA in his name in DS Sub Division, Humbran by depositing 100% Security amounting to ₹ 6,19,030/- vide BA-16 receipt no. 205/92062 on 15.01.2010.
- (ii) Against this application, Demand Notice was not issued by the notified office of the Respondent till 2018 and the Appellant's husband was never informed by the office about the fate of his application for industrial connection. Huge investment on purchase of land and construction of building etc. was made by her husband Sh. Rajnish Goyal. Due to business stress, the Appellant's husband was in depression and was not keeping good health for some time and he died on 15.02.2018. During illness of Sh. Rajnish Goyal, an application for refund of Security with applicable interest was filed with the Respondent by him but the same was not refunded.

- (iii) The Appellant was totally upset because of tragic death of her husband and obviously the Appellant could not gather herself and family for long time. But to meet with family liabilities, the Appellant started looking after the business.
- (iv) Thereafter, when the Appellant enquired about the refund of Security from the Respondent, she was told by the Respondent that the application had been misplaced and was not traceable, so she was asked to give a copy of the application already given so that the refund of the Security amount could be given. Accordingly, the Appellant submitted copy of the application, after which the Security amount after deducting 10% was refunded in May, 2019 and no interest was given. The Representation was filed with the Respondent to refund the balance Security amount and payment of interest but no response was given by the Respondent.
- (v) Feeling aggrieved, the Appellant filed a Petition before the Forum for ordering refund of 10% Security and for payment of interest on total amount for the period it remained with the Department. The Forum rejected the case of the Appellant by ignoring facts of the case to shelter and to protect the officials of the Respondent for their lapses.

- (vi) In the Forum, the Respondent had made submission that Demand Notice was issued but it was neither sent through registered post nor any proof was given that it was delivered by hand, which was in violation of ESIM 17.4. The Respondent during pleadings before the Forum had not filed any documentary proof which showed that Demand Notice was ever delivered actually to her husband. Demand Notice was an important legal document and its acknowledged delivery was must and in the absence of any acknowledgement, it could not be considered that Demand Notice was ever issued/ delivered as per law of natural justice.
- (vii) As per instructions, after the issue of Demand Notice if the Applicant did not comply, application could be cancelled as per ESIM 17.6 by giving 15 days registered notice which was mandatory but no such procedure had been followed by the Respondent. The Respondent had never informed the Appellant's husband about the cancellation of his application. In the absence of any record, it was not understood that how the Forum had concluded in its decision that application was cancelled due to non-compliance of Demand Notice. The Forum had erred by not keeping in view the facts of the case as well as instructions/ Regulations on the issue.

(viii) The Appellant particularly submitted that all the Rules and Regulations of Supply Code were framed to protect the rights of the Consumers and the Respondent was bound to comply with the same. If these were not to be implemented then for what purpose these were framed and what was the necessity of their issuance? The Appellant submitted that she deserved relief as per laid procedures as no violations had been proved at her husband's end. Snatching of legitimate dues of Appellant by Public Utility was very unnatural and also against natural justice.

(ix) As per Supply Code Regulations, interest was payable on Security/ ACD from the date of deposit and this fact had been ignored by the Forum while deciding the case. The relevant Supply Code Regulations and ESIM instructions were reproduced below:

*Regulation 18.1 of Supply Code-2014*

**“18. REFUND OF SECURITY (CONSUMPTION)**

**18.1 On Withdrawal of Application**

*18.1.1 In case the applicant after submitting his application for supply of electricity/extension of load etc. withdraws the same, 10% of the Security (consumption)/additional Security (consumption) shall be deducted by the distribution licensee and the balance refunded within thirty (30) days to the*

*applicant without payment of any interest by the distribution licensee.*

*18.1.2 If the applicant is not issued a Demand Notice within the time period specified in regulation 6 and the applicant withdraws his application, the Security (consumption)/additional Security (consumption), as the case may be, shall be refunded in full within thirty (30) days along with interest for the period the Security (consumption)/additional Security (consumption) remained with the distribution licensee at Bank Rate (as on 1st April of each year) as notified by RBI.*

*18.1.3 In the event of delay in refund beyond the stipulated period as per regulation 18.1.2, the distribution licensee shall pay interest at Bank Rate (as on 1st April of each year) as notified by RBI plus 4%.”*

*Instruction 17.4 of ESIM*

***“17.4 Service of Demand Notice:*** *The demand notice may be delivered by hand or sent under registered post/speed post or through courier or uploaded on online window. The record of such dispatches shall be maintained properly and the correctness of the address of the prospective consumer shall be ensured.”*

*Instruction 17.6.1 of ESIM*

*“17.6 Extension in Demand Notice:*

*i) Extension of Demand Notice Period for applicants other than AP*

*In case the applicant (other than AP) does not comply with the Demand Notice within the validity period, his application shall be liable to be cancelled after serving a 15 days' notice to the consumer/ applicant in this regard. However, if the request for extension in the validity period of Demand Notice is received within the validity/ notice period along with extension fee as specified in Schedule of General Charges, validity period shall be further extended up to a maximum period of one year from the date of issue of demand notice in all cases in blocks of three months by the PSPCL.”*

- (xi) The Appellant prayed that an order may kindly be passed for refund of the balance amount of Security and for payment of interest on Security amount from the date of deposit as per instructions.

**(b) Submission during hearing**

During hearing on 08.02.2022, the Appellant's Representative (AR) reiterated the submissions made in the Appeal and prayed to allow the same. AR further pleaded that 10% of Security meant for Metering Equipment (Meter + CT/ PT) cannot be deducted as per regulations.

**(B) Submissions of the Respondent****(a) Submissions in written reply**

The Respondent submitted the following written reply for consideration of this Court:-

- (i) The Respondent submitted that the Appellant's husband late Sh. Rajnish Goyal (Applicant) had applied for Large Supply category connection, with load of 495.491 kW and CD as 495 kVA in his name by depositing 100% Security amounting to ₹ 6,19,030/- vide BA-16 receipt no. 205/92062 on 15.01.2010.
- (ii) The Respondent had issued Demand Notice No. 91 dated 19.02.2010 for depositing ₹ 4,46,400/- but the Applicant failed to make compliance with the terms of the demand notice. Therefore, the application of the Applicant stood cancelled. As the Consumer Case was missing from the office of the Respondent, the documentary proof of the same cannot be provided but the same can be verified from the dispatch register that Demand Notice No. 91 dated 19.02.2010 for ₹ 4,46,400/- was issued. The compliance of the same was pending from the consumer end. The same was evident from the fact that the Applicant never asked for copy of Demand Notice from the office when it was not received by him. As the Applicant was already having another Large Supply connection with PSPCL

from 1995 onwards, so he was well versed with the practices of the Department & the claim of the Appellant of not receiving any Demand Notice after almost a period of nine year was wrong.

(iii) The Appellant had applied on 15.05.2019 for refund of the above Security deposit in the account of her sister concern M/s. Star Polyfab bearing Account No. U12HB0100010 after the death of her husband. The amount of Security deposit after deducting 10% earnest money from the total amount i.e ₹ 6,19,030/- (minus) ₹ 61,903/- = ₹ 5,57,127/- was refunded by the Respondent to the Appellant in the above account in the bill of 05/2019 vide Sundry No. 10/70/R-128.

(iv) The Appellant had applied for refund of remaining 10% of Security deposit alongwith interest from the date of deposit to the date of refund of Security before the Forum. The case was decided by the Forum and the order was issued on 13.12.2021 in which it was decided as under:

“Amount of security already refunded is in order. No interest is liable to be paid on security to Petitioner.”

(v) The Appellant not being satisfied with the order had appealed against the same before this Court of Lokpal (Ombudsman), Electricity, Punjab.

- (vi) As per statement of the Consumer Clerk, the Demand Notice was not complied by the Applicant. The Applicant never provided the required documents for refund of Security nor enquired about the same from the Sub Divisional office. The Appellant here just want to take advantage from the fact that the original consumer case was missing from the Sub Division office. But it is also correct that no 15 days notice was issued to the Applicant before the expiration of Demand Notice.
- (vii) The Appellant was refunded 90% Security in the bill for the month of 05/2019, but she never raised any objection about the amount being less refunded or interest not being given at that time. But after she came to know the fact that the consumer case was missing from the Sub Division office, she unjustly tried to get extra refund of Interest on Security as no formal application for the same was filed by her with the Respondent for refund of Security and interest thereon for the period of 2 years from 05/2019 to 06/2021 when she directly approached the Forum. The Forum, in its decision had rightly decided that 90% Security refunded to the Appellant was in order as per Rules & Regulations of PSPCL.
- (viii) The Appellant had failed to comply with the Demand Notice issued to him vide Memo No. 91 dated 19.02.2010. So as per

Regulation 18.1.1 of Supply Code, the remaining Security after deducting 10% amount was refunded when the Appellant had applied for its refund after 9 years by providing Original BA-16 receipt. So, the instructions of PSPCL were complied, with regard to refund of Security. The default was on the part of the Appellant who never applied for the refund even after a period of 9 years from the date of applying for connection.

(ix) The Appellant had not produced any representation given in the office of the Respondent from 2010 to 05/2019 either for non receipt of demand notice or any follow up regarding release of connection or refund of Security. The Appellant had applied for refund of Security only on 15.05.2019 and the same was refunded in view of Regulation 18.1.1 of the Supply Code, 2014.

**(b) Submission during hearing**

During hearing on 08.02.2022, the Respondent reiterated the submissions made in the written reply to the Appeal and prayed for the dismissal of the Appeal. The representative of the Respondent admitted that 10% of Security Amount meant for Metering Equipment has been wrongly deducted and the same shall be refunded now.

## 6. Analysis and Findings

The issue requiring adjudication is to decide the legitimacy of 10% security amount so deducted by the Respondent and payment of interest on security amount for the period it remained deposited with the Respondent.

*My findings on the points emerged, deliberated and analysed are as under:*

- (i) The Appellant's Representative (AR) reiterated the submissions made by the Appellant in the Appeal. He further pleaded that the Appellant's husband had applied for release of Large Supply Category connection by depositing security amount on 15.01.2010 with the Respondent and that no demand notice was received by her husband as alleged by the Respondent. The Respondent had not made any efforts during the period of submission of application for the grant of connection to the date of refund of Security amount in 05/2019 either for the compliance of the demand notice as alleged by the Respondent or for refund of the Security amount so deposited by the husband of the Appellant. Therefore, the Appellant was entitled to get the balance 10% of the Security amount alongwith the

interest thereon as per Regulation 18.1.2 of the Supply Code, 2014 as prayed for in the Appeal by the Appellant.

- (ii) On the other hand, the Respondent controverted the pleas raised by the Appellant in her Appeal. The Respondent argued that the Appellant was issued demand notice vide Memo No. 91 dated 19.02.2010 but the Appellant's husband did not comply with the said demand notice and remained silent for a quite long period. After the death of her husband, the Appellant applied to the Respondent for the refund of the amount of Security amount by providing Original BA-16 receipt on 15.05.2019. The same was refunded as per Regulation No. 18.1.1 of the Supply Code, 2014 after deducting 10% by giving credit in the bill for the month of 05/2019 of Account No. U12HB0100010 in the name M/s Star Polyfab, Appellant's sister concern vide Sundry No. 10/70/R-128. She never objected about amount being less refunded or interest not being given at that time. The Appellant had made up her case on false grounds after she came to know about the fact that the consumer case file was missing from the Sub Divisional office. Then she directly approached the Forum after 2 years after getting refund in 05/2019. The Appellant could not claim benefit of her own as well as her husband's wrongs, delay and latches. The husband

of the Appellant had died on 15.02.2018 i.e after a gap of about 8 years after filing of application for the release of connection to him. The husband of the Appellant was under obligation to enquire about his connection from the Respondent in case there was any delay on the part of the Respondent. He was running another LS connection in the Sub Division since 1995, as such he was well versed with the practices prevalent in the PSPCL. The husband of the Appellant had not approached the Respondent either for cancellation of his application for grant of new connection so filed on 15.01.2010 or for refund of Security amount. The Respondent further pleaded that the decision of the Forum is legal, valid & well reasoned and sustainable in the eyes of law and no interference is required from this Court. In the end, the Respondent prayed for the dismissal of the Appeal.

- (iii) The Forum observed that the Appellant's husband had deposited 100% security vide BA-16 No. 205/92062 dated 15/01/2010. The Appellant's husband was issued demand Notice No. 91 dated 19/02/2010 for depositing ₹ 4,46,400/-. But the Appellant's husband failed to make compliance with the terms of demand notice. So, the application of the Appellant's husband was cancelled. The Forum further

observed that in this case, demand notice had already been issued vide memo no. 91 dated 19.02.2010 so Appellant was not eligible for any interest on the security deposited by him. Moreover, Appellant had not produced any representation given in the office of Respondent from 2010 to 05/2019, either for non-receipt of demand notice or any follow up regarding release of connection or refund of security. Appellant had applied for refund of security on 15.05.2019 and the same was refunded keeping in view the Regulation 18.1.1. The Forum in its order dated 13.12.2021 had unanimously concluded that amount of Security already refunded was in order and no interest was payable to the Appellant.

- (iv) Both parties agreed during hearing on 08.02.2022 that 10% of security meant for Metering equipment (Meter + CT/ PT) has been deducted, which is against the applicable regulations. The Respondent agreed to refund this amount.
- (v) I have gone through the Appeal of the Appellant and written submissions of the Respondent as well as oral arguments of both the parties during the hearing on 08.02.2022. This court is of opinion that although the Appellant's husband failed to comply with the Demand Notice No. 91 dated 19.02.2010 but the Respondent also did nothing in this regard. The Appellant's

husband was supposed to comply with the Demand Notice No. 91 dated 19.02.2010 within the period of 3 months as time given in the said Demand notice, but he neither complied with nor filed application with the Respondent for the extension of the same. On non-compliance/ non-extension of Demand notice, the Respondent was required to cancel the application dated 15.01.2010 of the Appellant's husband on or after 19.05.2010 and process the case for refund of Security as per regulations applicable at that time which was not done by the Respondent.

- (vi) The Distribution Licensee is required to pay interest on Security Amounts as per Sub-Section 4 of Section 47 of "The Electricity Act, 2003". But in this case the Distribution Licensee had failed to pay interest on the Security to the Appellant as per the Act and regulations of the PSERC. Further, the delay of approximately nine years in releasing the payment as per regulations is on the part of the Distributing Licensee (PSPCL). The Forum had erred in disallowing the interest on the Security to the Appellant although the security amount remained with the Distributing Licensee for nearly 9 years. It would be unfair if interest is not allowed as per regulations. As such, I am inclined to modify the decision dated

13.12.2021 of the Forum and to allow the interest on delayed payment as per Regulation 17.1 of Supply Code, 2007 & Supply Code, 2014 as applicable from time to time. The interest shall be payable with effect from 19.06.2010 (30 days after Deemed Cancellation of application on 19.05.2010) till the date of refund in 05/2019. With reference to the prayer of the Appellant regarding refund of balance 10% of security amount, I agree with the contention of the Respondent that as the Appellant's husband failed to comply with the Demand notice issued to him, the Respondent had rightly deducted 10% security amount as per Regulation 18.1 of the Supply Code, 2007. However, 10% deduction from Security in respect of Metering Equipment is not in order and shall be refunded by the Respondent as agreed during hearing on 08.02.2022.

#### **7. Decision**

As a sequel of above discussions, the order dated 13.12.2021 of the CGRF, Ludhiana in Case No. CGL-452 of 2021 is amended to the extent that interest shall be payable on the amount refunded in 05/2019 with effect from 19.06.2010 (30 days after Deemed Date of Cancellation of application on 19.05.2010) till the date of refund in 05/2019 as per Regulation No. 17.1 of

Supply Code, 2007 & Supply Code, 2014 as applicable from time to time.

Further, 10% of Security amount meant for Metering equipment which has been deducted wrongly by the Respondent shall be refunded alongwith interest as per Regulation No. 17.1 of Supply Code, 2007 and Supply Code, 2014 as applicable from time to time. This interest shall be payable w.e.f 19.06.2010 till the date of payment.

8. The Appeal is disposed of accordingly.
9. As per provisions contained in Regulation 3.26 of Punjab State Electricity Regulatory Commission (Forum and Ombudsman) Regulations-2016, the Licensee will comply with the award/order within 21 days of the date of its receipt.
10. In case, the Appellant or the Respondent is not satisfied with the above decision, it is at liberty to seek appropriate remedy against this order from the Appropriate Bodies in accordance with Regulation 3.28 of the Punjab State Electricity Regulatory Commission (Forum and Ombudsman) Regulations-2016.

February 08, 2022  
S.A.S. Nagar (Mohali)

(GURINDER JIT SINGH)  
Lokpal (Ombudsman)  
Electricity, Punjab.