

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005.
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Case No. 25 of 2013

Dated: 5 June, 2013

**CORAM: Shri V. P. Raja, Chairman
Shri Vijay L. Sonavane, Member**

In the matter of:

Petition for Recovery of amount equivalent to local Body Tax paid /that would be paid to Aurangabad Municipal Corporation from the consumers situated within the geographical limits of Aurangabad Municipal Corporation

Maharashtra State Electricity Distribution
Co. limited

....Petitioner

Aurangabad Municipal Corporation
Government of Maharashtra (Urban Development Department)
M/s. GTL Ltd.

....Respondent No. 1

....Respondent No. 2

....Respondent No. 3

Advocates / Representative for the
Petitioner(s)

Mrs. Deepa Chavan (Adv.)

Shri Kiran Gandhi (Adv.)

Shri. S S Katkar (Rep.)

Advocates / Representatives for the
Respondent(s) No. 1

Shri. G N Kulkarni (Adv.)

Shri. S A Pedgaonkar (Rep.)

Shri. M M Patni (Rep.)

Advocates / Representatives for the
Respondent(s) No. 3

Shri. Jagdish Chelaramani (Rep.)

Daily Order

Heard the representatives and advocates of the Petitioner and the Respondents.

From the Petition and the submissions made, it appears that as of today, only the Aurangabad Municipal Corporation has issued a Demand Notice on M/s GTL Ltd., the franchisee of MSEDCL distributing electricity in almost 95% of the Aurangabad Municipal Corporation area. It was stated by the Representatives of the Aurangabad Municipal Corporation that the Local Body Tax has been implemented in all Municipal Corporation areas except the Brihanmumbai Mahanagarpalika. Notwithstanding that, as of now, other Corporations do not appear to have issue Demand Notices to MSEDCL/ Franchisees of MSEDCL. There is already Electricity Duty under the Bombay Electricity Duty Act, 1958 and Tax on Sale of electricity under the Maharashtra Tax on Sale of Electricity Act, 1963. Both these taxes are collected along with electricity bills by the Distribution Licensees as the agent of the State Government. Local Body Tax has been imposed to provide an income to the Local Bodies in lieu of Octroi. It needs to be noted that there was no Octroi on electricity coming inside Municipal Corporation limits for distribution. Considering these facts, the Commission is of the view that a considered Policy decision needs to be taken by the Government of Maharashtra both in respect of the need or otherwise of imposing the Local Body Tax on electricity and on the issue of ease of implementation if the decision is to have such an additional tax at the Municipal Corporation level.

The Petitioner is therefore advised to approach the Administrative Ministry viz. the Energy Department and request the Energy Department to take up the matter with the Urban Development Department. Since the Constitutional vires of such a levy is already under challenge in a series of Petitions before the Hon'ble Bombay High Court, the Law and Judiciary Department may also be consulted. The Commission will like the final decision taken on this matter to be reported to the Commission within a period of two (2) months.

Post the matter for hearing on Friday, 16 August, 2013 at 1500 hrs.

Sd/-

(Vijay L. Sonavane)
Member

sd/-

(V. P. Raja)
Chairman