

**MEGHALAYA ACT 10 OF 1977**

THE SHILLONG ELECTRICITY SUPPLY UNDERTAKING (ACQUISITION) ACT,  
1977.

(As passed by the Assembly)

[Received the assent of the President on the 25<sup>th</sup> December 1977]

(Published in the *Gazette of Meghalaya*, Extraordinary, dated 26<sup>th</sup> December, 1977)

**An**

**Act**

**to provide for the acquisition of the Shillong Electricity Supply  
Undertaking for a public purpose.**

Be it enacted by the Legislature of Meghalaya in the Twenty-eight Year of the Republic of India as follows:-

Short title, extent and commencement.

1. (1) This Act may be called the Shillong Electricity Supply Undertaking (Acquisition) Act, 1977.
- (2) It extends to the whole of the State of Meghalaya.
- (3) It shall be deemed to have come into force on the 15<sup>th</sup> day of July, 1977.

Definitions and Interpretation.

2. In this Act, unless the context otherwise requires,-
  - a) 'Annual Account' means the account of the undertaking rendered to the Government annually under and in accordance with the Electricity Act;
  - b) 'Board' means the Meghalaya State Electricity Board constituted under Section 5 of the Electricity Supply Act;
  - c) 'Document' in relation to the undertaking, includes its books, accounts, registers maps and plans, and all other documents of whatever nature relating to the undertaking ;
  - d) 'Electricity Act' means the Indian Electricity Act, 1910 (Act 9 of 1910).
  - e) 'Electricity Supply Act' means the Electricity (Supply) Act, 1948 (Act 54 of 1948) ;
  - f) 'Fixed Assets' includes works, spare parts stores, tools motor and other vehicles, instruments, office and other equipments and furniture;

- g) 'Government' means the Government of Meghalaya ;
- h) 'Licensee' means the Shillong Hydro Electric Ltd. ;
- i) 'Prescribed' means prescribed by rules made under this Act;
- j) 'Schedule' means the Schedule appended to this Act ;
- k) 'Undertaking' means the electric supply undertaking at Shillong owned and managed by the Shillong Hydro Electric Ltd.
- l) 'Vesting date' means the date and time on which the undertaking shall vest in the Government under section 3 of this Act ;
- m) 'Works' includes electric supply lines, any land, buildings, structure, plant, machinery or apparatus required to supply energy and to carry into effect the object of a licence granted under the Electricity Act ;
- n) Other expressions shall have the meanings respectively assigned to them in the Electricity Act.

Power of Government to take over the undertaking.

3. (1) The undertaking shall be deemed to have been taken over by transferred to and vested in, the Government on an from the 16<sup>th</sup> day of July, 1977 at 13:00 hours.

(2) The Government shall, by force of vesting in it of the undertaking under sub-section (1), be deemed to have entered into possession of all the properties movable and immovable, fixed assets, rights, powers, authorities and privileges of the undertaking from the vesting date.

Transfer of  
undertaking to Board.

4. The may be an order in writing , transfer the undertaking acquired under this Act to the Board on such terms and conditions, as may be specified therein, and on such transfer the undertaking together with all assets, liabilities, rights and obligations, which by virtue of this Act have vested in the Government shall thereupon vest and devolve on the Board.

Vested

5. (1) The property, rights, liabilities and obligations specified below in respect of the undertaking shall vest in the Government on the vesting date –

- i. all the fixed assets of the licensee and all the documents relating to the undertaking ;
  - ii. all the rights, liabilities and obligations of the licensee under hire-purchase agreements, if any, for the supply of materials or equipment made *bonafide* before the vesting date ;
  - iii. all the righrs, liabilities and obligations of the licensee under any other contrat entered into *bonafide* before the vesting date, not being a contract relating to the borrowing or lending of money, or to the employment of staff ;
  - iv. (a) all cash and bank balances of the licensee relatable to the undertaking on the vesting date;
- (b) all amounts due or accruable or accrued tothe licensee in connection with electrical energy supplied or other supplies made or services rendered by the licensee, in the course of operations of the undertaking, upto the vesting date; and
- (c) all investments, loans, advances or deposits relatable to the operations of the undertaking, made by the licensee and outstanding on the vesting date except loans and advances to the employees of the licensee.

(2) All the assets specified in clause (i) of sub-section (1) shall vest in the Government free from any encumbrances, debts, mortgages or similar obligations of the licensee or attaching to the undertaking :

Provided that such debts, mortgages or obligations shall attach to the amount payable under this Act for the assets.

(3) The licence granted to the undertaking under the Electricity Act shall be deemed to have been terminated on the vesting date and all the rights, liabilities and obligations of the licensee under any agreement to supply electricity entered into before that date shall devolve or shall be deemed to have devolved on the Government :

Provided that where any such agreement is not in conformity with the rates and conditions of supply approved by the Government and in force on the vesting date, the agreement shall be voidable at the option of the Government ;

Provided further that on and from the vesting date the consumers will be governed by the Tariff for supply of electricity and the general conditions of supply of the Board.

(4) On and from the vesting date, it shall be lawful for the Government or their authorised representative, after removing obstruction, if any, to take physical possession of all the property, movable and immovable including fixed assets and documents of the undertaking.

(5) All the liabilities and obligations, other than those vesting in the Government under sub-sections (1) and (3), shall continue to be the liabilities and obligations of the licensee, after the vesting date.

*Explanation.*-All liabilities and obligations in respect of staff, taxes, provident fund, Employees State Insurance Industrial disputes and all other matters upto and including the vesting date, shall continue to be the liabilities and obligations of the licensee, after the vesting date.

Gross amount payable to Licensee

6. (1) The gross amount payable to the licensee shall be the aggregate value of the amount specified below:-
- i. the book value of all completed works in beneficial use pertaining to the under taking and taken over by the Government (excluding works paid for by consumers) less depreciation calculated in accordance with the Schedule ;

- ii. the book value of all works in progress taken over by the Government, excluding works paid for by consumers or prospective consumers ;
- iii. the book value of all stores including spare parts taken over by the Government and in the case of used stores and spare parts, if taken over, such sum as may be decided upon by the Government.
- iv. the book value of all other fixed assets in use on the vesting date and taken over by the Government less depreciation calculated in accordance with the Schedule ;
- v. the book value plants and equipments existing on the vesting date, if taken over by the Government, but no longer in use owing to wear and tear or to obsolescence, to the extent such value has not been written off in the books of the licensee less depreciation calculated in accordance with Schedule ;
- vi. the amount due from consumers in respect of every hire-purchase agreement referred to in clause (ii) of sub-section (1) of Section 5 , less a sum which bears to the difference between the total amount of the instalments and the original cost of the materials or equipments, the same proportion as the amount due bears to the total amount of the instalments ;
- vii. any amount paid actually by the licensee in respect of every contract referred to in clause (iii) of sub-section (1) of Section 5 ;
- viii. the amount of cash and bank balances taken over by the Government under sub-clause (a) of clause (iv) of sub-section (1) of Section 5 ;
- ix. the value of the items taken over by the Government under sub-clauses (b) and (c) of clause (iv) of the sub-section (1) of Section 5, less bad debts or unrealisable amounts, as the case may be.

*Explanation:* The book value of any fixed asset means its original cost and shall comprise:-

- (i) the purchase price paid by the licenses for the asset, including the cost of delivery and all charges properly incurred in erecting and bringing the asset into beneficial use as shown in the books of the undertaking ;

- (ii) the cost of supervision, of any, actually incurred and charged to the value of the assets in the books of the undertaking, but not exceeding fifteen percent of the amount referred to in paragraph (i) ;

Provided that before deciding the amount under this sub-section, the licensee shall be given an opportunity by the Government of being heard, after giving him a notice of at least 15 days therefor.

(2) In addition a sum equal to 10 percent of the amounts assessed under clauses (i) to (iv) of sub-section (i) shall be paid to the licensee by the Government.

(3) When any asset has been acquired by the licensee after the expiry of the period to which the latest annual accounts relate the book value of the asset shall be such as may be decided upon by the Government :

Provided that before deciding the book value of any such asset, the licensee shall be given an opportunity by the Government of being heard, after giving him a notice of at least 15 days therefor.

Deduction from the gross amount.

7. The Government shall be entitled to deduct the following sums from the gross amount payable under this Act to the licensee:-
- a) the amount, if any, already paid in advance;
  - b) the amount, if any specified in Section 8 ;
  - c) the amount payable, due, or accrued, if any, including interest and/or surcharge thereon, from the licensee to the Board, for energy supplied by the Board before the vesting date ;
  - d) all amount and arrears of interest, if any , thereon, due from the licensee to the Government ;

- e) the amount, if any, equivalent to the loss sustained by the Government by reason of any property or rights belonging to the undertaking not having been handed over to the Government, the amount of such loss being deemed to be the amount by which the market value of such property or rights exceeds the amount payable therefore under this Act, together with any income which might have been realised by the Government if the property or rights had been handed over on the vesting date ;
- f) the amount of all loans due from the licensee to any financial institutions constituted by or under the authority of the Government and arrears of interest, if any, thereon ;
- g) all sums paid by consumers by way of security deposit and arrears of interest due thereon on the vesting date in so far as they have not been paid over by the licensee to the Government ;
- h) all advances from consumers and prospective consumers, and all sums which have been or ought to be set aside to the credit of the consumer's fund, in so far as such advances or sums have not been paid over by the licensee to the Government ;
- i) the amounts remaining in Tariffs, and Dividends Control Reserve, Contingencies Reserve, Provident Fund and Staff Gratuity Fund accounts and the Development reserve, in so far as such amounts have not been paid over by the licensee to the Government ;
- j) the amount if any, as specified in sub-sections (2) and (3) of Section 10 ;
- k) the amount , if any, relating to debts, mortgages or obligations as mentioned in proviso to sub-section (2) of Section 5:

Provided that before making any deduction under this section, the licensee shall be given a notice to show cause against such deduction, within a period of fifteen days from the date of receipt of such notice.

Effect of transactions  
not bonafide.

8. Where the Government are of opinion that the licensee has on or before the 1<sup>st</sup> January, 1975, disposed of any fixed asset whether by way of sale, exchange, gift, lease or otherwise, or incurred any expenditure, liability or obligation otherwise than in the normal course of events, with a view to benefit unduly the licensee or some other person and thereby caused loss to the Government as succeeding owners of the undertaking the Government shall be entitled to deduct from the amount payable to the licensee under this Act, an amount which they consider to be the loss sustained by them :

Provided that before making such deduction, the licensee shall be given a notice within nine months of the vesting date to show cause against such deduction, within a period of fifteen days from the date of receipt of such notice.

Manner of payment of  
act amount

9. (1) The Government shall appoint, by order in writing, a person having adequate knowledge and experience in matters relating to accounts, as Special Officer to assess the net amount payable under this Act by the Government to the licensee, after making the deductions mentioned in Section 7.

(2) The Special Officer may call for the assistance of such Officers and staff of the Government or Board, or the undertaking as he may deem fit, in assessing the net amount payable.

(3) The net amount due to the licensee under this Act shall be paid by the Government to the licensee within one year from the vesting date.

Provided that this period may be suitably extended by the Government if the licensee fails to furnish or delays the furnishing of accounts, information, particulars or documents as mentioned in section 11.

(4) The net amount payable shall bear simple interest at the rates of one per centum over the average of the Reserve Bank rates between the vesting date and the date of payment or tender of payment:

Provided that no interest shall be payable during any extension of time granted under the proviso to sub-section (3).

(5) Where the gross amount payable to the licensee is equal to or less than the total amount to be deducted under section 7, no payment shall be made to the licensee by the Government.



Provisions for existing staff of licensee.

10. (1) Every person who was employed in connection with the affairs of the undertaking as its employee immediately before the vesting date, other than directors or advisers, shall become on the vesting date an employee of the Government and thereafter an employee of the Board on the date of transfer of the undertaking to the Board under section 4, and shall hold his service on the same term and conditions and with the same rights to pension, gratuity and other matters as would have been admissible to him if the undertaking had not been transferred to and vested in the Government or the Board, as the case may be, and continue to do so unless and until his employment under the Government or the Board, as the case may be, is terminated after giving him three calendar months' notice in writing, or paying him three months' pay in lieu of such notice, as the case may be, or until his remuneration, terms or conditions are duly altered by the Government or the Board, as the case may be.
- (2) If the licensee fails to pay such an employee his dues arising or accrued on or before the vesting date, the Government or the Board, as the case may be, may pay him the said dues and the amount so paid shall be deducted from the amount payable by the Government to the licensee.
- (3) In case the Government or the Board, as the may be, retrench any such employee within a period of one year from the vesting date, the amount payable to such an employee on retrenchment shall be deducted from the amount payable by the Government to the licensee.
- (4) For the persons who immediately before the vesting date were the trustees for any pension, provident, gratuity or other like fund constituted for employees of the licensee, these may be substituted as trustees, such persons as the Government may, by general or special order, specify.
- (5) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (Act 14 of 1947), or in any other law for the time being in force, the transfer of the services of any employee from the licensee to the Government or from the Government to the board, shall not entitle such employee to any compensation under this Act or any other law from the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

(6) If any question arises as to whether or not any person was employed in connection with the affairs of the undertaking as its employee immediately before the vesting date, or whether or not the services of any persons have been transferred to the Government or Board under this Act, it shall be decided by an officer authorised for this purpose by the Government and an appeal shall lie against his decision to the Government whose decision shall be final.

Inventory of assets and informations.

11. (1) The licensee shall, within ninety days from the vesting date or such further time as may be granted by the Government, prepare and hand over to the Government a complete inventory of all property including fixed assets belonging to the undertaking along with the book value, year of purchase and all relevant documents.

(2) The licensee shall also write up the accounts of the undertaking up to the vesting date, get them audited and submit them to the Government within four months from that date or such further time as may be granted by the Government.

(3) The licensee shall also, within such time as may be specified by the Government, furnish to them such information and particulars as may be required by the Government in regard to documents relating to the undertaking.

(4) The licensee shall not destroy any document relating to the undertaking and shall hand over to the Government on vesting date all such documents as are necessary for ascertaining the assets of the undertaking, the rights, liabilities and obligation attaching thereto and for determining the amount payable or deductible in respect of the undertaking under this Act.

(5) Where the documents aforesaid have been taken possession of by the Government, the licensee or any person authorised by him in this behalf, shall have access to such documents at all reasonable times and shall also be entitled to take copies thereof or extracts therefrom.

Power of entry.

12. Any employee of the Government or the Board authorised in this behalf by general or special order by the Government, or the special officer appointed under Section 9 may, at any time after giving the licensee reasonable notice, enter upon any land or premises in his possession and make any survey, examination or investigation preliminary or incidental to the purposes of this Act.

Penalties.

13. (1) Whoever, being required to furnish any information or make any statement under this Act, furnishes any information or makes any statement which he knows to be false, or whoever wilfully fails to hand over to the Government or obstructs in taking over by the Government of any property, including fixed asset or documents belonging to the undertaking or wilfully suppresses or damages or destroys such property, fixed asset or document, which is to be taken over by the Government, shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to five thousand rupees or with both, and in the case of a continuing offence, with an additional fine which may extend to five hundred rupees for every day after the first during which the offence continues.

(2) Whoever fails, without reasonable cause, to comply with any of the provisions of this Act or the rules made thereunder, or any direction or order issued in pursuance thereof, shall, if the case be not governed by sub-section (1), be punishable with fine which may extend to five thousand rupees and in the case of continuing offence, with an additional fine which may extend to five hundred rupees for every day after the first during which the offence continues.

(3) No Court shall take cognisance of an offence punishable under this section except with the previous sanction of the Government or of an officer authorised by them in this behalf.

Offence by Corporation.

14. Where a person committing any offence punishable under this Act is a company or an association or a body of persons, the Manager, Secretary, agent or other principal officer managing the affairs of the company, association or body shall be deemed to be guilty of such offence.

Protection of action.

15. No suit, prosecution or other legal proceeding shall lie against the Government or the Board or any employees of the Government or the Board or the Special Officer appointed under section 9 or any other person authorised or acting under the direction of the Government or the Board or aiding or assisting the Government or the Board or an employee of the Government or the Board, in respect of anything which is in good faith done or intended to be done in pursuance of this Act or any rule or order made thereunder.

Bar to jurisdiction of Court.

16. Notwithstanding anything contained in any other law for the time being in force, no court or tribunal shall call in question any other notification, or any other act done or purported to have been done under this Act.

Effect of other Laws

17. No provision of the Electricity Act, the Electricity Supply Act, or any other Act, for the time being in force and of any rule made under any of those Acts or of any instrument including licence having effect by virtue of any of those Acts or any rule made thereunder, shall, in so far as it is inconsistent with any of the provisions of this Act, have any effect

Power to remove difficulties.

18. If any difficulty arises in giving effect to the provisions of this Act, the Government may, as occasion may require, do anything which appears to them necessary for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiry of two years from the vesting date.

Arbitration.

19. (1) Where any dispute arises in respect of any of the matters specified below, it shall be determined by an arbitrator appointed by the Government:-

- a) Whatever any property belonging, or any right, liability or obligation attaching to the undertaking, vests in the Government;
- b) Whether any fixed asset forms part of the undertaking ;
- c) Whether any contract including any contract or agreement referred to in clauses (ii) and (iii) of sub-section (1) of section 5 has been entered into bonafide or not;
- d) Whether any agreement to supply electricity entered into by the licensee prior to the vesting date is of the nature referred to in the first date is of the nature referred to in the first proviso to sub-section (3) of section 5;
- e) Any other dispute that may arise regarding the gross or net amount payable to the licensee under this Act.

(2) Subject to the provision of this section, they provisions of the Arbitration Act, 1940 (Act 10 of 1940), shall apply to all arbitration under this Act.

Power to make rules.

20. The Government may make rules to carry out the purposes of this Act.

Repeal and Savings.

21. (1) The Shillong] Electric Supply Undertaking (Acquisition) Ordinance, 1977 is hereby repealed.

(2) Notwithstanding such repeal, any action taken or purported to have been taken or anything done or purported to have been done including taking over possession of the property of the undertaking under the Ordinance so repealed shall be deemed to have been taken or done under the corresponding provisions of this Act by or on behalf of the Government or the Board.

### SCHEDULE

[See section 6 (1)]

For purposes of determining the amount payable under section 6 (1), the depreciation shall be calculated at annual rates arrived at by dividing ninety percent of the book value of each asset by the number of years of life of the asset as specified in the table below running in each case from the beginning of the year of account next following that in which the particular asset become available for use in the business. For the period after the licensee's last completed financial year till the vesting date, the depreciation shall be calculated pro-rata. Depreciation shall not be calculated for any period beyond the life of the asset as prescribed herein.

### TABLE

Description of asset	Number of years of life of asset
(1)	(2)
A. Land owned under full title	Infinity
B. Land held under lease –	
(a) for investment in the land	... The period of the lease, or the period remaining unexpired on the assignment of the lease.
(b) for each of clearing site	... The period of the lease remaining unexpired at the date of clearing the site.
C. Assets purchased new -	
(a) Plant and machinery stations, including plant foundations-	... Thirty-five.
(i) Hydro electric	... Twenty-five.
(ii) Steam electric	... Fifteen.
(iii) Diesel electric	...
(b) Cooling towers and circulating water systems.	... Thirty.

Description of asset	Number of years of life of asset
(1)	(2)
(c) Hydraulic works forming part of a hydro-electric system including-	
(i) Dam spillways, weirs, canals, reinforced concrete flumes and siphons.	... One hundred
(ii) Reinforced concrete pipe line and surge tanks, steel pipe lines, sluice gates, steel surge tanks, hydraulic control valves and other hydraulic works	... Forty.
(d) Building and civil engineering works of a permanent character, not mentioned above –	
(i) Office and showrooms	... Fifty.
(ii) Containing thermo-electric generating plant.	... Thirty.
(iii) Containing hydro-electric generating plant.	... Thirty-five.
(iv) Temporary erections such as wooden structures.	... Five.
(v) Roads other than katcha roads	... One hundred.
(vi) Others ... ..	... Fifty.
(e) Transformers, transformers kiosks, sub-station equipment and other fixed apparatus (including plan foundation) –	
(i) Transformers (including foundation) having a rating of 100 kilovolt amperes and over	... Thirty-five.
(ii) Others ... ..	... Twenty-five.
(f) Switchgear, including cable connections.	... Twenty.

Description of asset (1)	Number of years of life of asset (2)
(g) Lightning arrestor s-	
(i) Station type ... ..	Twenty
(ii) Pole type ... ..	Fifteen.
(iii) Synchronous condensers ...	Thirty-five.
(h) Batteries ... ..	Ten.
(i) (i) Underground cables including joint boxes and disconnecting boxes. ...	Forty.
(ii) Cable duct system ... ..	Sixty.
(j) Overhead lines including support-	
(i) Lines on fabricated steel support operating at nominal voltages higher than 60 kilovolts. ...	Thirty-five.
(ii) Lines on steel supports operating at nominal voltages higher than 13.2 kilovolts but not exceeding 66 kilovolts. ...	Thirty.
(iii) Lines on steel or reinforced concrete supports. ...	Twenty-five.
(iv) Lines on treated wood supports ...	Twenty.
(k) Meters ... ..	Fifteen.
...	
(l) Self-propelled vehicles ...	Seven.
...	
(m) Static-machine tools ... ..	Twenty.
...	
(n) Air conditioning plant -	
(i) Static .... ..	Fifteen.
(ii) Portable .... ..	Seven.
(o) (i) Office furniture and fittings ...	Twenty.
(ii) Office equipment ... ..	Ten.
(iii) Internal wiring, including fittings and apparatus. ...	Fifteen.
(iv) Street-light fittings ... ..	Fifteen.

Description of asset		Number of years of life of asset	
(1)		(2)	
(p) Apparatus let on hire-			
(i) Other than meters	...	...	Seven.
(ii) Meters	...	...	Twenty.
(q) Communications equipment-			
(i) Radio and high frequency	...	...	Fifteen.
(ii) Telephone lines and telephone.	...	...	Twenty.
D	Assets purchased second hand and assets not otherwise provided for in this table.	...	Such reasonable period as Government determines in each case having regard to the nature of the asset at the time of its acquisition by the licensee