Bhakra-Beas Dispute: Settlement of Power Arrears

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Mains: GS-II: federalism; GS-III: energy infrastructure



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Why in the News

On 6 November 2026, the Supreme Court gave directions to settle the long dispute over Himachal Pradesh's share in the Bhakra-Nangal and Beas hydroelectric projects. After adjusting the capital cost, Punjab and Haryana will have to supply about 11,973 million units of electricity arrears for Himachal Pradesh over 20 low-flow seasons. This is about 598 million units a year.

This is no new water-sharing agreement; it is mainly a dispute over an old power entitlement and its implementation. A judgment being delivered and the entire electricity being supplied are different things.

Background of the Dispute

After the reorganisation of Punjab in 1966, the dispute ran over Himachal Pradesh's share in the electricity received from the projects. Himachal Pradesh filed an original suit in the Supreme Court in 1996. The 2011 decision accepted its 7.19 per cent entitlement in the

power relating to the erstwhile joint Punjab. Differences later remained on the implementation of the arrears of electricity, the rate and the liability of the project's capital cost.

Original suit: a case that begins directly in the court concerned, not as an appeal. **Article 131** gives the Supreme Court original jurisdiction in certain disputes relating to legal rights between the Centre and states, or between states. Do not take this case as a matter of any ordinary consumer's electricity bill.

The Account of Power and Cost

Component	The court's direction
Energy arrears before adjustment	13,066 million units
Himachal's capital cost liability	about Rs 420.77 crore
Rate of adjustment	Rs 3.85 per unit; adjustment of about 1,093 million units
Remaining energy arrears	about 11,973 million units
Time of supply	20 low-flow seasons, October to March; about 598 million units a year

Million units (MU): ten lakh electricity units. One unit is one kilowatt-hour of energy. MU is a quantity of energy, while the megawatt is a unit of production capacity or power; the two should not be interchanged.

Capital cost: the cost of the project's construction and related long-term investment. The court adjusted Himachal's liability from a portion of its own energy entitlement. The remaining electricity will come from Punjab and Haryana.

Cashless Does Not Mean Free Power

The settlement is on a cashless basis, because the capital liability will be adjusted from the energy arrears. Despite this, Himachal Pradesh will have to pay the charges determined by the Bhakra Beas Management Board for each year in which a consignment is received. Therefore it would be wrong to describe the entire arrangement as a free supply without any charge.

In the order, the ratio of mutual supply between Punjab and Haryana is 58:42 for Bhakra-Nangal and 60:40 for Beas. These are the ratios of the two states' mutual responsibility in this settlement; they are separate from Himachal's 7.19 per cent entitlement.

Significance for Federalism

Shared resources and shared accounting: even after state boundaries change, the liabilities of old asset investment, electricity and debt remain. Without clear records and an accepted calculation, a dispute can run long even after a judicial decision.

Implementation of the decision: declaring the right is the first stage; specifying the time, quantity, rate and responsibility makes it effective. The court stressed the binding nature of the directions.

Cooperative federalism: technical and financial coordination between the Centre, the board and the states is essential. Supply over 20 seasons builds a path that meets the entitled state's energy need while reducing the lump-sum burden on the debtor states.

Way Forward

The annual supply, the board's charges and the share of power received should be publicly verifiable. The account of arrears should be kept project-wise. In future inter-state agreements, clear rules on quantity, the valuation method, dispute settlement and compliance can reduce the scope of long litigation.

Mains Practice Question

In inter-state resource disputes, effective implementation can be harder than declaring the right. Explain the role of cooperative federalism with reference to the Bhakra-Beas power dispute. (15 marks, 250 words)

Answer Outline

Introduction: give the context of Article 131 and the implementation dispute that remained after the 2011 entitlement.

Main Body: explain the connection of energy arrears, capital cost adjustment, charges, phased supply and shared records.

Conclusion: suggest clear accounting, regular review and reasoned inter-state coordination.

Sources

- Supreme Court: State of Himachal Pradesh v. Union of India, 2026 INSC 1200; especially directions 41(a)-(f)
- LiveLaw, 6 November: report on the settlement of Bhakra-Beas power arrears