

BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT PANCHKULA

Case No. HERC/Petition No. 61 of 2022

Date of Hearing : 09.03.2023

Date of Order : 10.04.2023

In the Matter of

Petition under Section 86 of the Electricity Act, 2003 for (i) approval of 'Change in Law'; and (ii) consequential relief to compensate for the increase in capital cost due to (a) increase in Goods and Service Tax (GST) rates on Solar Energy Devices and parts vide Notification No. 8/2021 – Central tax (Rate) dated 30.09.2021, and (b) imposition of Safe Guard Duty on the import of solar cells and modules by way of Notification No. 02/2020-Customs SG dated 29.07.2020 issued by the Department of Revenue, Ministry of Finance, in terms of Article 20 of the Power Purchase Agreement dated 06.07.2020 between Avaada RJHN Private Limited and Haryana Power Purchase Centre

Petitioner

M/s. Avaada RJHN Private Limited

Respondent

Haryana Power Purchase Centre, Panchkula (HPPC)

Present on behalf of the Petitioner

Shri Ashwani Kumar Tak, Advocate

Present On behalf of the Respondent

Ms. Sonia Madan, Advocate

Quorum

**Shri R.K. Pachnanda
Shri Naresh Sardana**

**Chairman
Member**

ORDER

Brief Background of the case

1. The present petition has been filed by M/s. Avaada RJHN Private Limited, seeking compensation of increase in GST rate and imposition of Safe Guard Duty, as 'Change in Law', as prescribed under Article 20 of the PPA dated 06.07.2020
2. The brief submissions of the petitioner are as under:-
 - 2.1 That AEPL was declared as a successful bidder for supply of 240 MW power. It is relevant to state that this Hon'ble Commission, vide its order dated 19.05.2020 in Petition No. PRO-22 of 2020, adopted the tariff of 2.73/kWh.
 - 2.2 That a Power Purchase Agreement was entered into between the petitioner and HPPC on 06.07.2020 for supply of 240 MW, being the contracted capacity with the Scheduled Date of Completion ('SCOD') being 18 months from the date of signing of PPA i.e. 06.01.2022. The SCOD of the Project was extended up to 11.05.2022 vide respondent's letters dated 12.11.2021 and 23.08.2022.
 - 2.3 That in the meanwhile, the Ministry of Finance, on 29.07.2020, issued a Notification bearing No. 02/2020-Customs (SG) (SGD Notification dated 29.07.2020) imposing Safeguard Duty on the import of solar cells and modules to India starting from

30.07.2020 and up to 29.07.2021. The Ministry announced a Safeguard Duty of 14.90% from 30.07.2020 to 29.01.2021, and 14.50% from 30.01.2021 to 29.07.2021, for all solar cells and modules imported from China PR, Thailand, and Vietnam, whether or not assembled in modules or panels.

- 2.4 That the petitioner, in compliance of the SGD Notification dated 29.07.2020, paid the Safeguard Duty and IGST (Integrated Goods and Services Tax) amounting to Rs. 12,82,59,297 (Rupees twelve cores eighty two lakhs fifty nine thousand and two hundred ninety seven only) on such import.
- 2.5 That on 30.09.2021, the department of revenue, Ministry of Finance, Government of India, vide its notification no. 8/2021-Central Tax (Rate) (GST Notification dated 30.09.2021) significantly increased the tax rate on solar energy devices and parts, thereby resulting in escalation in the capital cost of the Project.
- 2.6 That the aforesaid events i.e. the SGD Notification dated 29.07.2020 and GST Notification dated 30.09.2021 being 'Change in Law' events under the PPA, the petitioner, vide its letters dated 16.09.2022 informed of the same to the respondent. The petitioner requested for reimbursement of additional cost incurred in the project owing to the aforesaid notifications as per the provisions embodied in the PPA.
- 2.7 That the GST Notification dated 30.09.2021, has increased the capital cost of the project by Rs. 29.83 Crore.
- 2.8 That the SGD Notification dated 29.07.2020 has adversely affected the capital cost of the project on account of the fact that the landed cost of the solar PV modules has increased by Rs. 12.82 crore.
- 2.9 The petitioner submitted that it has commissioned the project on 11.05.2022 and modules for the project have been imported after due payment of Safeguard Duty on the invoice amount.
- 2.10 That prior to imposition of the Safeguard Duty, the import of modules was solely subjected to IGST at 5%. However, after the SGD Notification dated 29.07.2020, the import of solar cells and modules required for the setting up of project is leviable with safeguard duty (as mentioned above) along with an additional IGST of 5% on the value of safeguard duty.
- 2.11 That 'return on equity' and 'interest on working capital' are integral to an all-inclusive tariff bid. At the time of the submissions of bid, the petitioner has factored in 'interest on working capital' and return on equity based on the taxes and duties prevalent at the time of bid. With the increase in the tax liability and on account of the imposition of the Safeguard Duty, the working capital requirement, and consequently, the interest on working capital have also increased as compared to the requirement and rate prevalent at the time of submission of the bid for the project. Thus, the petitioner is entitled to

interest on incremental working capital to put petitioner to the same economic position as if change in law has not occurred.

- 2.12 That the 'Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects' issued by Ministry of Power vide Notification bearing No.: No. 23/27/2017-R&R., dated 03.08.2017 ("Renewable Tariff Guidelines"), issued under the provisions of Section 63 of the Electricity Act, 2003 for the long-term procurement of electricity by distribution licensees, from grid-connected Solar PV Power Projects having a size of 5 MW and above, through competitive bidding, provides at Para 5.7.1 that if any Change in Law event results in any adverse financial loss/ gain to the Solar Power Generator, the Solar Power Generator/ Procurer shall be entitled to compensation by the other party, in order to ensure that the Solar Power Generator is placed in the same financial position as it would have been, had it not been for the occurrence of the Change in Law event.
- 2.13 That the MNRE has, vide its Letter No. 283/56/2017 – Grid Solar dated 20.12.2018 issued in response to a representation made by the Solar Power Developers Association for resolution of critical issues impacting the solar sector, acknowledged that pass through of safeguard duty ought to be allowed by way of appropriate tariff revision.
- 2.14 That the Central Electricity Regulatory Commission ('**CERC**') and other State Electricity Regulatory Commissions ('**SERCs**') in numerous of decisions has already allowed imposition of safeguard duty as 'Change in Law'. In this regard, some of the relevant decisions of CERC and other SERC's are given below:
- a) Order dated 03.02.2019 in Petition No. 356/MP/2018 & 51/MP/2019 passed by the Hon'ble CERC;
 - b) Order dated 13.05.2021 in Petition No. 73/MP/2020 passed by the Hon'ble CERC;
 - c) Order dated 17.06.2021 in Petition No. 181/MP/2020 passed by the Hon'ble CERC;
 - d) Order dated 17.09.2019 in OP No. 98/2018 passed by the Hon'ble KERC;
 - e) Order dated 18.07.2019 in Case No. 123 of 2019 and 124 of 2019 passed by the Hon'ble MERC.
- 2.15 Accordingly, the following prayers have been made:-
- a. Admit the instant petition and list the same for urgent hearing;
 - b. Declare and hold that the introduction of Notification No. 02/2020-Customs (SG) dated 29.07.2020 qualifies as 'Change in Law' in terms of Article 20 of the PPA executed between the petitioner and the respondent- HPPC and that the petitioner is entitled to relief thereunder;
 - c. Declare and hold that the introduction of Notification No. 8/2021-Central Tax (Rate) dated 30.09.2021 qualifies as 'Change in Law' in terms of Article 20 of the PPA executed between the petitioner and the respondent- HPPC and that the petitioner is entitled to relief thereunder;

- d. Direct the respondent – HPPC to reconstitute the petitioner by paying a onetime compensation of Rs. 42,66,37,052/- (Rupees Forty Two Crores Sixty Six Lakhs Thirty Seven Thousand and Fifty Two Only), [INR 29,83,77,755/- (Rupees Twenty Nine Cores Eighty Three Lakhs Seventy Seven Thousand and Seven hundred Fifty Five only) on account of introduction of GST Notification dated 30.09.2021 and INR 12,82,59,297/- (Rupees Twelve Cores Eighty Two Lakhs Fifty Nine Thousand and Two Hundred Ninety Seven only) on account of levy and imposition of Safeguard duty]
 - e. Grant carrying cost @15% per month from the date(s) on which the said amount(s) became due to the petitioner till the actual realization of the same;
 - f. Allow legal and administrative costs incurred by the petitioner in pursuing the instant petition; and
 - g. Pass such other further order(s) as the Hon'ble Commission may deem just and proper.
3. **HPPC, the respondent in the present matter, has filed its reply on an affidavit dated 02.12.2022. HPPC has submitted as under:-**
- 3.1 That the petitioner has sought an amount of Rs. 42,66,37,052/- (Rs. 29,83,77,755/- on account of imposition of GST and Rs. 12,82,59,297/- on account of imposition of Safeguard duty) along with carrying cost @ 15% per month from the due date till the date of realization, arising out of the following events as 'Change in Law':-
 - a) Imposition of the Safeguard Duty vide Notification No.2/2020-Customs (SG) dated 29.07.2020 (hereinafter 'Notification dated 29.07.2020') issued by the Ministry of Finance, Government of India; and
 - b) Increased rate of Goods and Services Tax (GST) vide Notification No. 8/2021 – Customs dated 30.09.2021 (hereinafter 'Notification dated 30.09.2021') issued by Ministry of Finance, Government of India.
 - 3.2 That the following issues emerge for adjudication in the instant case –
 - a. Whether the notifications dated 29.07.2020 and 30.09.2021 qualify as a 'Change in Law' event in the present case having regard to the date of the submission of bid by the petitioner?
 - b. Whether the petitioner has submitted the requisite documents to substantiate the claim for reimbursement of compensation of Rs. 42,66,37,052/-?
 - c. What shall be the appropriate mode for payment of compensation, if any?
 - d. Whether the petitioner is entitled to any carrying cost on the alleged claim for compensation and if yes, at what rate?

Safeguard Duty

- 3.3 It has been submitted by the respondent viz. HPPC that the notification dated 29.07.2020 does not qualify as 'Change in Law' as it does not specify any new/additional duty that adversely affects the petitioner in the instant case. Prior to the Notification dated 29.07.2020, the Safeguard Duty had been already in force under the Notification No. 01/2018-Customs (SG) dated 30.07.2018 (hereinafter 'Notification dated 30.07.2018'). These notifications were issued by the Ministry of Finance, Government of India under the provisions of sub-section (1) of section 8B of the Custom Tariff Act, 1975. However, as per the said Notification dated 30.07.2018, the Safeguard Duty was effective only till 29.07.2020. The fresh Notification dated 29.07.2020 was issued by the Ministry of Finance, Government of India providing for the Safeguard Duty with effect from 30.07.2020 till 29.07.2021. This was right after the expiry of the effective period of Safeguard Duty vide the previous safeguard duty notification dated 30.07.2018 i.e. on 29.07.2020. Thus, the Notification dated 29.07.2020 is merely a notification for an 'extension' of the safeguard duty which specifies the rate of duty lower than what was previously applicable.
- 3.4 That the expression 'Change in law' has been defined in Article 20.1.2 of the PPA and the same refers to the occurrence of any event after the last date of bid submission. Such an event relevant for the instant case has to qualify as – a) enactment of any new law; b) amendment, modification, or repeal of any existing law; or c) any change in the rate of any taxes. However, such an event shall have a direct effect on the project.
- 3.5 That the last date for submission of bid for the instant project was 05.08.2019. On 05.08.2019, Safeguard Duty on the import of solar cells was applicable at a rate higher than the notification dated 29.07.2020. On 30.07.2018, the Ministry of Finance (MoF), Government of India issued a notification imposing Safeguard Duty on the import of solar cells, irrespective of the fact whether assembled or not in modules or panels, for two years at the rates specified as under:
- (a) 25% ad valorem, minus anti-dumping duty payable, if any, when imported during the period from 30.07.2018 to 29.07.2019 (both days inclusive)*
- (b) 20% ad valorem, minus anti-dumping duty payable, if any, when imported during the period from 30.07.2019 to 29.01.2020 (both days inclusive)*
- (c) 15% ad valorem, minus anti-dumping duty payable, if any, when imported during the period from 30.01.2020 to 29.07.2020 (both days inclusive).*
- The notification dated 29.07.2020 specified the rate of Safeguard duty at the following rate:-
- (a) 14.9% ad valorem minus anti-dumping duty payable, if any, when imported during the period from 30th July, 2020 to 29th January, 2021 (both days inclusive); and*

(b) 14.5% per cent. ad valorem minus anti-dumping duty payable, if any, when imported during the period from 30th January, 2021 to 29th July, 2021 (both days inclusive).

- 3.6 That the Notification dated 29.07.2020 categorically states that the matter of review of the imposition of Safeguard duty imposed vide notification dated 30.07.2018 had been initiated vide Notification No. 22/1/2020-DGTR, dated 03.03.2020. In the matter of review of safeguard duty, the designated authority in its final findings published vide Notification No. 22/1/2020 - DGTR, dated the 18.07.2020 recommended continued imposition of the safeguard duty. Thus, effectually speaking, the Notification dated 29.07.2020 was in fact a continuation of the notification dated 30.07.2018, the effect of which was well factored in the bid submitted by the petitioner. In fact, the Notification dated 29.07.2020 has been to the benefit of the petitioner as the Safeguard duty has been lowered.
- 3.7 That with regard to the goods that were imported or should have been imported prior to 30.07.2020, the safeguard duty was applicable under the Notification dated 30.07.2018 which was existing at the time of bid deadline date i.e. 05.08.2019 and the petitioner was required to factor the impact of the same in the tariff quoted by it in the bidding process. The petitioner is, therefore, not entitled to any relief in respect of such goods imported after 31.07.2020.
- 3.8 That the Notification dated 29.07.2020 in effect maintains the levy of Safeguard Duty not exceeding the levy prevalent as of the bid submission date.
- 3.9 That under the said Notification dated 29.07.2020, the Safeguard Duty has been imposed on the import of solar cells, (whether or not assembled in modules or panels) from certain specific countries, namely, People's Republic of China, Thailand, Vietnam and from developed countries. The safeguard duty has not been imposed on the import of solar cells from other developing countries as provided in Notification No.19/2016-Customs (N.T.) dated 05.02.2016 issued by the Ministry of Finance.
- 3.10 That the petitioner has relied upon certain judgments in Para 5.11 of the petition to contend that CERC and SERC has allowed imposition of safeguard duty as 'Change in Law'. All the referred judgment deal with the issue as to whether the notification dated 30.07.2018 qualifies as 'Change in Law'. In none of the judgments, the notification dated 29.07.2020 has been dealt with. Moreover, the notification dated 29.07.2020, cannot be termed as enactment/modification/ amendment of existing law so as to qualify as a 'Change in Law' in terms of Clause 20.1.2 of PPA.
- 3.11 That the afterthought and malafides in raising the instant claim are evident from the belated writing of a letter dated 16.09.2022 post the extended stipulated COD of the Project, i.e. 11.05.2022. The petitioner admittedly did not raise any whisper regarding the alleged adverse financial impact of the safeguard duty by virtue of notification dated

29.07.2020. Apparently, the safeguard duty as prevalent in view of the notification dated 30.07.2018 was factored in at the time of bid submission and while executing PPA on 06.07.2020 in terms of the approved tariff of Rs. 2.73/kWh. Thus, the claim of the petitioner for declaration of notification dated 29.07.2020 as 'Change in Law' is incorrect, against the law, and liable to be rejected.

Central Goods and Services Tax imposed vide Notification dated 30.09.2021

3.12 That as regards the purported claim of an increase in GST rate from 5% to 12% in view of the notification dated 30.09.2021, it is incumbent upon the petitioner to provide cogent evidence of the goods imported pursuant to 30.09.2021 and the justification for not importing the same prior to 30.09.2021. The petitioner has merely relied upon the agreements executed with their own parent company dated 26.02.2021. Such an agreement of supply executed with the parent company inspires no confidence in the genuineness of the claims raised by the petitioner. The petitioner has not explained the efforts made by them to execute the project with effect from 06.07.2020 till 30.09.2021. Thus, the strict proof is called for while considering the instant claim.

3.13 That with the advent of the notification, the next impact on the import is only 13.80%. Before 01.10.2021, 70% value of Solar Power Generating Station was taxed @5% and balance 30% was taxed @18%, thereby giving effective GST rate of 8.90% (i.e. 3.5% + 2.4%). However, with effect from 01.10.2021, 70% value of Solar Power Generating Station is taxed @12% and balance 30% is still taxed @18, thereby giving effective GST rate of 13.80% (i.e. 8.4% + 2.4%). Thus, the next impact on GST owing to notification dated 30.09.2021 is only 4.90%. The claim made by the petitioner fails to provide a breakup in terms of the foregoing impact.

Requirement to furnish relevant documents and thereby establish one-to-one correlation

3.14 That the petitioner has not approached the Commission with clean hands. The petitioner has not disclosed the basic particulars and the supporting documents required for considering whether there is an impact of Change in Law as alleged by the petitioner. The mere production of the Chartered Accountant's certificate without material particulars and basic relevant documents in support thereof cannot be considered as sufficient to entertain the present petition and to analyse and decide the entitlement of the petitioner to any relief under the Change in Law provisions contained in the PPA.

3.15 That the petitioner has purportedly claimed the effect of change in CGST safeguard duty on the basis of the agreements for supply dated 26.02.2021 executed with its Parent Company i.e. M/s. Avaada Clean Project Private Limited and Avaada Energy Private Ltd. The said agreements are by no means a cogent evidence for award of claims. The petitioner has contended that the entire Safeguard duty and IGST on safeguard duty is

an alleged increase in non-recurring expenditure. However, the petitioner has failed to show any details regarding any payment made towards Safeguard Duty. Without prejudice to that above submission, even if it is assumed that imposition of safeguard duty constitutes change in law, mere mentioning of impact of safeguard duty is not sufficient to claim compensation under the provision of 'Change in Law'.

- 3.16 That it is well trite law that a claiming party has to show a clear correlation between the projects, the supply of goods or services and invoices raised, and other relevant documents for proving the payment of safeguard duty. As one of the three primary elements is the invoices raised or documents showing payment of safeguard duty, the correlation cannot be established as there are no invoices or documents produced by the petitioner. It further goes on to say that the invoices should be backed by the Auditor's certificate.
- 3.17 That for appropriate consideration of Change in Law, the relevant details and documents includes but are not limited to the following, namely (i) the date on which the Purchase order was placed either for procurement of goods or for procurement of services; (ii) the date on which the goods were delivered to the petitioner or the services were rendered and; (iii) the date on which the invoices were raised; (iv) the date on which the payment for the goods or services were made by the petitioner and (v) In case of imported goods, the date on which the goods were custom cleared either for own consumption or to be stored in the custom warehouse. There has to be a clear and one to one correlation between the projects, the supplier of goods or services and the invoices raised by the supplier of goods and services. Reliance in this regard is placed upon the Order of the Hon'ble CERC dated 19.09.2018 in *Petition nos. 50/MP/2018 and 52/MP/2018*. Mere mention of increase in cost without any actual documentation is not sufficient to claim compensation under Article 20.1.2 of the PPA. The Petitioner has failed to provide all the relevant details and without proper documentation and invoices certified by Auditor, the relief sought by the petitioner cannot be granted and the Petitioner is put to strict proof of the same.
- 3.18 That in this regard, reference is also made to the following Orders of the Hon'ble CERC:
- a) Order dated 04.10.2019 passed by the CERC in the Petition No. 14/MP/2019 and Connected petitions in Renew Solar Power Private Limited vs Solar Energy Corporation of India Limited and Others and connected matters,
 - b) Order dated 25.01.2021 in Petition No.211/MP/2019 in the matter of in Rattan India Solar 2 Private Limited vs Solar Energy Corporation of India Limited & Others:

Methodology for payment of compensation (if any) on account of safeguard duty

3.19 That without prejudice to foregoing, in the event this Hon'ble Commission upholds the imposition of Safeguard Duty vide notification dated 29.07.2020 and increase in CGST vide notification dated 30.09.2021 as Change in Law, then this Hon'ble Commission may be pleased to take into consideration the methodology for making payment, devised by the Ministry of New and Renewable Energy ('MNRE').

3.20 That vide Letter dated 12.03.2020, the MNRE, Government of India, with regard to the aspect of Change in Law compensation ordered by the Hon'ble Commission on account of imposition of GST and Safeguard Duty has, inter-alia, stated as under:-

"2. CERC, in its Orders regarding Compensation for the "Change in Law" event of "Imposition of GST" and "Imposition of Safeguard Duty on import of solar PV cells and modules" has ordered that:

The Claim based on CERC Orders to be paid within sixty days of the date of the CERC Order or from the date of submission of claims by the Petitioners whichever is later, failing which it will attract late payment surcharge as provided under Power Purchase Agreements (PPAs)/ Power Sale Agreements (PSAs).

OR

Alternatively, the parties may mutually agree to mechanism for the payment of such compensation on annuity basis spread over the period not exceeding the duration of the PPAs as a percentage of the tariff agreed in the PPAs

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6. After carefully examining the matter, the Ministry have decided as follows:

a) *In order to ensure that RE developers are paid their dues on account of 'Change- in-Law' events of imposition of GST/ enhancement of effective rates of GST & levy of Safeguard Duty, which are eligible for pass through, the financial impact thereof will be recovered in annuity mode. The rates for this shall be worked out by SECI/NTPC and realised along with tariff forthwith. This shall begin at once. The rates of recovery shall be as per the norms of Central Electricity Regulatory Commission (CERC).*"

(Emphasis Supplied)

3.21 That there is a clear rationale for the annuity payment methodology. The increased costs have been claimed to have been incurred for the purpose of supply of power, the costs should be recovered only if the petitioner continues to maintain the supply of the power. If the petitioner does not supply the requisite power, it should not be entitled to recover the cost proportionate to such non-supply, similar to any other capital cost. If the petitioner is allowed to recover the Change in Law impact in lump-sum, then the Discoms would have paid for the capital cost even without there being an actual supply of power in the future. If for any reason, the petitioner abandons the project and discontinues the

supply of power, there is no methodology for adjustments of the lump sum payments already made.

Carrying cost

- 3.22 That as per Article 20.1.2 of the PPA, the Change in Law events claimed by the petitioner, the date from which it will be effective and the aspect of applicability of Carrying cost has to be determined and approved by the Hon'ble Commission,
- 3.23 That the contention of the petitioner that it is entitled to carrying cost for the costs incurred due to 'Change in Law' events is misconceived. There is no provision in the PPA regarding carrying cost or interest for the period till the determination of the relief amount on account of 'Change in Law'. The PPA does not have a provision dealing with restitution principles of restoration to the same economic position. Therefore, the petitioner is not entitled to claim relief which is not provided for in the PPA. Reliance in this regard is placed upon the decision of the Hon'ble Appellate Tribunal for Electricity (APTEL) dated 13.04.2018 in Appeal No. 210 of 2017 titled as *Adani Power Limited v. Central Electricity Regulatory Commission and Ors*, wherein it was held that since Gujarat Bid-01 PPA has no provision for restoration to the same economic position, therefore the decision of allowing carrying cost will not be applicable.
- 3.24 That with regard to carrying cost, the law stands settled by the Judgment of the Hon'ble APTEL dated 14.08.2018 in Appeal No. 111 of 2017 titled as *M/s. GMR Warora Energy Limited v. Central Electricity Regulatory Commission and Ors*. The APTEL vide the above judgment has decided that if there is a provision in the PPA for restoration of the seller to the same economic position as if no Change in Law event has occurred, the seller is eligible for carrying cost for such allowed Change in Law event(s) from the effective date of Change in Law event until the same is allowed by the appropriate authority by an order/ judgment. In the present case, there is no provision in the PPA either for carrying cost or restitution. Similar stance has been reiterated in Order dated 05.02.2019 in Petition No. 187/MP/2018 and Order dated 09.10.2018 in Petition No.188/MP/2018 and other batch matters regarding carrying cost.
- 3.25 That while interpreting terms of the PPA, the Hon'ble APTEL, and the Hon'ble CERC have always chosen to interpret the PPA in such a manner that the reliefs that are not provided in the PPA explicitly or implicitly are not granted or allowed under the PPA, which is in stark contradiction to the interpretation chosen to be followed by the petitioner in the petition where the terms of the PPA are interpreted in such a manner that if any relief is not explicitly denied under the PPA, the same should be granted under the PPA. The Constitution Bench of the Hon'ble Supreme Court of India in the case of *Union of India Vs. Tulsiram Patel (1985) 3 SCC 398* has held that the maxim "*expressumfacitcessaretacitum*" refers that when there is express mention of certain things, then anything not mentioned is excluded. The maxim is the principle of logic and