

Audit Inspection Report has been prepared on the basis of information provided by Managing Director, Power Transmission Corporation of Uttarakhand Ltd. (PTCUL), Dehradun. The office of the Principal Accountant General (Audit), Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non-submission or submission of incomplete records.

Audit inspection of accounting records of office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Dehradun for the period from April 2019 to March 2020 was carried out in exercise of the power conferred by Section 19 of the C&AG's, (DPC) Act, 1971 read with Section 143 of Companies Act, 2013. Audit inspection was conducted by Shri Khub Chand, AAO, Shri Dheerendra Singh, Sr. Auditor under the supervision of Shri Vikas Dhyani, Sr. Audit Officer during the period from 06July 2020 to 20 August 2020.

### **Part-I**

**Introduction:** - The last audit of this unit was conducted by Ms.PrunaBhadula, Assistant Audit Officer and Shri Manoj Kumar Negi,Assistant Audit Officer under the supervision of Shri Amit Kumar Mishra, Sr.Audit Officer, in which accounting records for the period April 2018 to March 2019 were examined.

(i) **Functions and geographical jurisdiction of the unit:**

The Power Transmission Corporation of Uttarakhand Ltd. is power transmission utility of the State and main function of PTCUL is to facilitate and promote transmission, wheeling and inter connection arrangements within the State of Uttarakhand for the transmission and supply of electricity.

(ii) **Auditing methodology and scope of audit:**

Managing Director Office of PTCUL was covered in the audit. This inspection report is based on findings of audit and January 2020 and March 2020 was selected for detailed examination.

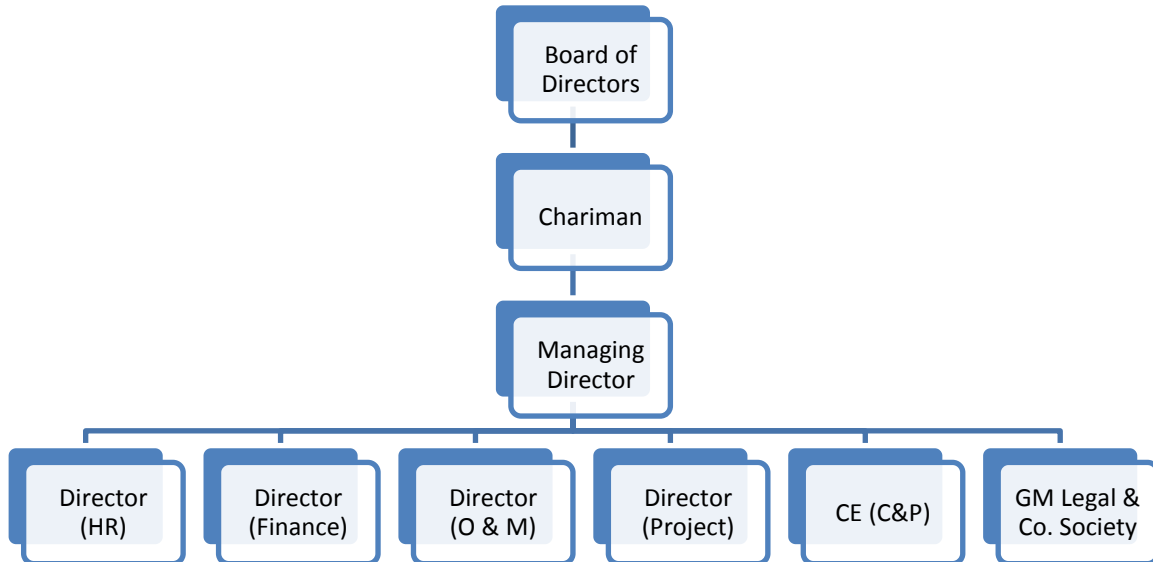
(iii) The details pertaining to only cash book of MD, office PTCUL, Dehradun.

(` in crore)

<b>Year</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Profit of PSU</b>
2019-20	222.42	264.54	--

**(iv) Organizational structure of the unit and reporting lines.**

Power Transmission Corporation of Uttarakhand Ltd., Dehradun is an electricity transmission utility. The executive powers rests with the Managing Director who is assisted by the Director (Finance), Director (O & M), Director (Project) and Director (HR).



## Part –II-A

### Para 1: Undue favour to contractor.

State Load Dispatch Centre (SLDC) which manages State grid assessed that old Power Line Carrier Communication (PLCC) based communication system due to its limitations had become outdated and further Availability Based Tariff (ABT) based metering shall be strengthened by OPGW based communication to provide a reliable wide-band communication system for catering data and voice requirements for grid management, natural disaster management as well as technological requirements such as special protection scheme, grid security expert system, load management, advanced protection system, substation automation for new/ upcoming substation/ generating stations and control centres in Uttarakhand. Accordingly, it was decided to connect all 132 KV stations with Fiber Optic network. The proposed communication network was to be used by all agencies connecting to grid under control of SLDC. This was to result in more number of substations and power plants using the communication network of power sector as mentioned above.

For this purpose, PTCUL entered into an agreement (29 September 2015) with M/s Sterlite Technologies Limited, Pune (contractor) for Supply and erection for “OPGW Connectivity in PTCUL under phase II of ULDC project” at a total contract price of ` 31.21 crore {supply ` 20.63 crore + Erection ` 10.58 crore (Erection ` 8.33 crore + Training cost ` 0.44 crore + AMC ` 1.81 crore)} including all taxes. The work was to be completed within 30 month from the date of issue of Letter of Award *i.e.* by 01 August 2015.

As per clause 10 (Penalty For Delay), “*Any delay that may take place in supply and erection beyond contractual cutoff date stated as per stipulated delivery period shall be subject to the penalty at the rate of ½% of the contract value per week with a ceiling of 10% of the total contract value.*”

*As per provisions of Building and Other Construction Workers’ Welfare Cess Act, 1996, PTCUL has to collect one percent cess on cost of construction and deposit the same through bank draft in the name of Labour Commissioner/ Secretary, Uttarakhand Bhawan and other construction labour welfare board.*

During scrutiny of records, it was observed that contractor could complete the supply and erection work by October 2018 against the schedule completion date *i.e.* 01 February 2018 whereas training of the employees is yet to be imparted. Delay in completion of work by

eight months attracted a penalty of `3.12 crore at the rate of 10 *per cent* of the contract value.

Contractor submitted its Running bills amounting to `26.73 crore for payment. Against which payments of `22.72 crore was made to contractor after deduction of taxes.

Further, PTCUL had made deduction of labourcess amounting to `15.92 lakh instead of deducting 1 *per cent* on the running bills *i.e.* `26.73 lakh, which resulted in short deduction of `10.81 lakh.

Thus, there was non-deduction of LD of `3.12 crore and short deduction of labourcess of `10.81 lakh and led to undue favour to contractor.

Initial reply of Management is still awaited.

## **Para 2: Blockade of funds due to delay in construction of substation.**

For catering the increased load demand in Champawat and Lohaghat area & better utilization of 220/132 kV Sub-station Pithoragarh (PGCIL), a 2X20 MVA 132/33 KV GIS Substation at Lohaghat was proposed in June 2011 (REC funded) under system strengthening scheme by PTCUL, which will be charged through 132 KV S/C Pithoragarh (PGCIL)-Lohaghat line. Board of Director (BoD) approved the Detailed Project Report of the Lohaghat Substation in its 41<sup>th</sup> meeting dated 27 June 2013.

During the scrutiny of records, it was noticed that PTCUL applied for the land in November 2011 to District Magistrate Champawat for said substation but the land was provided to PTCUL only in January 2015. The lease rent for the said land amounting to ` 32.01 lakh was paid by PTCUL to DM Champawat in March 2015. PTCUL invited e-tender for construction of substation in December 2016 after a delay of 21 months from availability of land.

The last date of submission of bid was 31 January 2017, which was extended upto 15 March 2017 on request of bidders. After opening on Part-I (Technical) bid, three bidders namely M/s ABB India Ltd, M/s Kanohar Electricals Ltd. in collaboration with M/s Chung-Hsin Electric and Machinery Mfg. Corporation, Taiwan and JV of M/s Sieyuan Electric Co. Ltd. China (Lead Partner) and M/s Salasar Techno Engineering Ltd. submitted their bids. During finalization of the bidding process, PTCUL decided in August 2017 to scrap the tender with the reasons of non-approval of forest clearance of the associated transmission line and introduction of GST in July 2017 as the submission of bid was in pre GST regime. After a delay of 11 months, PTCUL again floated tenders in July 2018 for the same work. The participating bidders requested PTCUL for amendment in the Technical Qualification Requirements (TQRs) regarding JV conditions. The issue of amendment in TQRs was taken to the 66<sup>th</sup>BoD (June 2019) to 68<sup>th</sup>BoD (September 2019) in which it was decided to open the bid without any amendment in TQRs. As a result only one bidder M/s Siemens submitted its bid (November 2019). The matter of considering single bid was again submitted to 69<sup>th</sup>BoD (November 2019). BoD directed MD PTCUL to take decision according to Uttarakhand Procurement Rules, 2017. The matter was again put up in 70<sup>th</sup>BoD (December 2019) and 71<sup>th</sup> BoD (January 2020) and eventually, the tender was scrapped.

The fresh bids were invited in May 2020 for the above work with the amended JV clause. During the period from March 2015 to March 2020 PTCUL incurred expenditure of

` 0.49 crore (Lease rent, capitalization of IDC and R&M expenses) on the account of Lohaghat substation but awarding of work of the construction of Lohaghat substation could not be started till date.

Further, it was also noticed that the work of “Construction of 132 KV single Circuit Line on double Circuit Tower from Pithorgarh-Champawat (Lohaghat)” *i.e* associated line for charging the Lohaghat substation was awarded to M/s Transglobal Power Limited, Bangalore (Contractor) at the total cost of ` 40.89 crore (` 28.36 crore for supply and ` 12.53 crore for survey, erection, testing & commissioning) on turnkey basis. Letter of Award (LoA) was issued in April 2015. The work was scheduled to be completed within 24 months from the date of LOA. However, the work could not be completed by the contractor after a delay of 40 months. The contractor submitted the running bill of ` 35.97 crore (` 25.01 crore for Supply and ` 10.96 crore Erection) only till August 2019. The contractor also submitted the price variation amounting to ` 4.93 crore against the supply (` 3.56 crore) and erection (` 1.37 crore) for the completed work and amount of ` 3.93 crore was paid by PTCUL against the price variation after the deduction of statutory dues. The supply of tower, conductor, insulator & hardware was completed by the contractor till August 2020. Out of total 143 towers, 131 towers were erected by the contractor and the stringing of 21 Km was also completed by contractor out of total 44 Km.

As per third time extension for the said work, the work was to be completed on 17 May 2020, however, the same was not completed by the contractor till date.

Thus, the award of work of the said sub-station is still pending whereas the construction of associated lines has been completed upto 82 *percent* with likely date of completion is May 2021 (as intimated by management). The line could not be put to use for commercial purpose as the associated sub-station was not constructed.

Thus, delay in construction of the said sub-station resulted in non-utilization of associated line and its benefits and blockade of funds of ` 41.39 crore (`40.90 crore + ` 0.49 crore).

Initial reply of Management is still awaited.



**Para 3: Avoidable loss due to delay in execution of project.**

For the construction of 132 KV double circuit Srinagar-Simli line and LILO on 132 KV Substation Srinagar, PTCUL entered into an agreement with M/s Ranjit Singh on 28 October 2005. The work was scheduled to be completed within 18 months out of which six months period shall be for forest clearance. Though the work was started on 28 October 2005, the line could be energized as late as on 26 April 2016 after delay of 10 years from scheduled date of completion. Due to the delay execution of the work and faulty DPR, the project cost increased exponentially from originally envisaged ` 22.26 crore to ` 122.72 crore.

It was observed that delay in obtaining approval of forest department was one of the major reason of delay as PTCUL submitted the application to nodal officer on 22 April 2009 (After elapse of 3 years and 6 months from the date of start of the work) and the principal approval was received only on 21 April 2010. Therefore, scheduled completion date was 21 October 2010. There was inordinate delay in FRA compliance by PTCUL resulting into delayed final approval from forest department. The final approval was accorded on 14 June 2013.

It was also noticed that the DPR for the work was also prepared erroneously as the original BOQ envisaged 100 "A" type towers, 110 "B" and "C" type towers, whereas only 4 "A" type towers, 59 "B" type towers and 167 "C" type towers were used in the construction of 64.45 KM line.

As a result of change in the tower requirement, there was also upward change in the hardware, land excavation and other civil work. The work of Srinagar-Simli line is predominantly done in the hilly terrain but the initial project cost was not as per the actual requirement of the work. Due to delay in execution of the work, PTCUL was also forced to bear the interest during construction to the tune of ` 17.80 crore and had to pay price variation of ` 20.29 crore to the contractor. The huge variation in the requirements of the materials actually used and the materials projected in the original BOQ illustrates that the DPR of the project was not prepared with due diligence.

After energizing the line on 26 April 2016, PTCUL filed a petition in Uttarakhand Electricity Regulatory Commission (UERC) on 19 December 2017 for capitalization of the project. In the petition PTCUL claimed the total cost of Srinagar-Simli line as ` 122.72 crore. However, the



UERC approved only ` 64.69 crore against the total cost of the project. Hence, the PTCUL suffered an avoidable loss of ` 58.03 crore. In the previous audit, this issue was raised.

Further, even in the tariff for the year 2018-19 to 2020-21, UERC did not provide any true up on the Shrinagar-Simli line.

Had PTCUL prepared the DPR with proper route survey and with due diligence, it would have reduced cost of the work and related forest issues. Due to delay in execution of the project, an avoidable loss of amounting to ` 58.03 crore could have been avoided by the PTCUL.

Initial reply of Management is still awaited.

**Para 4: Short-deduction of penalty due to delay in execution of work.**

- a) Power Transmission Corporation of Uttarakhand Limited (PTCUL) entered into an agreement (14 September 2018) with M/s Secure Meters Limited, Udaipur, for Supply, Erection & AMC for “Implementation of Intra-State ABT metering scheme for on-lining of ABT meters to be installed at interface points for Energy Accounting & Transmission level Energy Auditing at PTCUL” at a total contract price of ` 19.47 crore (supply ` 7.05 crore + Erection 1.17 crore & AMC ` 8.26 crore and GST amount ` 2.99 crore). The work was to be completed within 18 month (First 5 months for supply and installation & Commissioning of ABT Meters and 13 months rest of the work) from the date of issue of Letter of Award *i.e.* by 31 July 2018.

As per clause 10 (Penalty For Delay), “*Any delay that may take place in supply and erection beyond contractual cut off date stated as per stipulated delivery period shall be subject to the penalty at the rate of ½% of the contract value per week with a ceiling of 10% of the total contract value.*”

During scrutiny of records, it was observed that the contractor could not complete the work (Supply & Erection) till date (July 2020) after a delay of 19 months. He submitted the running bill of ` 6.19 crore (Supply & Erection) only till October 2019. Thus as per contractual terms, the delay in completion of the work for supply and installation & commissioning of ABT Meters attracts maximum penalty of 10% of the total contract value. Against ` 6.19 crore, net payment of ` 5.02 crore was made to him after deduction of penalty amounting to ` 0.56 crore and ` 0.61 crore as statutory dues, labour cess *etc.* As the contractor could not complete the work within the prescribed time (five months), a penalty of ` 1.39 crore (being 10 *per cent* of total contract value ` 1.95 crore - ` 0.56 crore) is yet to be deducted from the bills of the contractor. Thus, non-deduction of penalty resulted in undue benefit to the contractor by ` 1.39crore.

Initial reply of Management is still awaited.

- b) PTCUL entered into an agreement (27 December 2018) with Joint Venture of M/s Salasar Techno Engineering Ltd., Ghazibad (Lead Partner) and M/s MMR Construction Company Ltd., Ghazibad for Supply, Erection and Testing & Commissioning of 40 MVA, 132/33 KV

Transformer and 132 KV Bay at 132 KV Substation Bindal, Dehradun” at a total contract price of ₹ 5.38 crore (supply ₹ 4.17 crore + Erection ₹ 0.89 crore & Civil ₹ 0.31 crore and GST amount ₹ 0.82 crore). The work was to be completed within 10 month from the date of issue of Letter of Award (LOA) i.e. by 26 September 2018.

As per clause 10 (Penalty For Delay), “*Any delay that may take place in supply and erection beyond contractual cut off date stated as per stipulated delivery period shall be subject to the penalty at the rate of ½% of the contract value per week with a ceiling of 10% of the total contract value.*”

During scrutiny of records, it was observed that performance of the contractor was very slow as design review of 40 MVA, 132/33 transformer was submitted by the contractor and approved by PTCUL in January 2019 and drawing of civil foundation for erection of transformer was submitted by contractor in April 2019 and approved by PTCUL in June 2019 after a lapse of nine months. Therefore, the work could not be completed in scheduled time. Vigorous correspondence were made with contractors to speed up the work during 2019-20. However, the same could not be completed till date.

It was also observed that PTCUL reminded (February 2020) to contractor of the urgency of the said work by stating that “*All the Power Transformers are running on above the full load capacity (Max load on each Transformer 185 A) in peak hours and we are facing the problem in managing load*”. Despite the fact, the pace of the work was not satisfactory. The work (Supply & Erection) amounting to ₹ 83.23 lakh only was completed by the contractor till September 2019. As per records, net payment of ₹ 41.95 lakh was made to the contractor after deduction of penalty amounting to ₹ 26.91 lakh.

As the contractor could not complete the work within the prescribed time, a penalty of ₹ 26.89 lakh (being 10 per cent of total contract value ₹ 53.80 lakh - ₹ 26.91 lakh) yet to be deducted from the bills of the contractor as per contractual terms.

Thus, non-deduction of penalty resulted in undue benefit to the contractor by ₹ 26.89 lakh.

Initial reply of Management is still awaited.



## **Part-II-B**

### **Para 1: Poor performance by contractor**

PTCUL entered into an agreement (November 2015) with IMP powers Ltd. for supply, erection and supervision of Testing and commission of four transformers (one 50 MVA for 220 KV substation Chamba, TehriGarhwal, two 80 MVA for 220 KV Jhajhra substation, Dehradun and one 160 MVA for Rishikesh) with a total value of ` 24.98 crore *i.e.* ` 24.48 crore for supply and ` 0.50 crore for erection. Both the transformers of 80 MVA (valuing ` 5.45 crore each) were to be installed at 220 KV Jhajhra sub-station by replacing two 40 MVA transformers. As per Clause 4.0 of the agreement, M/s IMP will be required to pay an amount equivalent to 10 *per cent* of the value of the LOA as a performance guarantee for satisfactory execution of the contract.

Audit noticed that these transformers were installed on 12 May 2016. One transformer was installed on 12 May 2016 but damaged when put to commercial use on 15 May 2016. The transformer was taken back for repairing by M/s IMP (June 2016) after obtaining the Bank Guarantee of ` 5.45 crore valid up to 30 September 2016. M/s IMP took back the transformer at 220 KV Jhajhra sub-station in October 2016 for repair. However, the performance bank guarantee was not extended by the PTCUL after 30 September 2016. The transformer was installed by M/s IMP on 15 March 2017 but it was again damaged on the same date *i.e.* 15 March 2017. The damaged 80 MVA transformer was replaced by the new transformer by M/s IMP on 17 July 2020 after a delay of more than three years.

Further, a 160 MVA transformer (IMP make) installed by M/s HPL Electric & Power Pvt. Ltd. in January 2014 was damaged in May 2019.

In this regard, the following information/ details were sought but reply is still awaited:

- Reasons for not extending the Bank Guarantee of ` 5.45 crore after 30 September 2016 whereas the transformer was not repaired/ installed by M/s IMP till the validity of the BG (upto 30 September 2016) and reasons for huge delay of more than three years in repair/ replacement of said transformer without having any BG as security from M/s IMP.
- Whether any performance BG amounting to 10 *per cent* of the LOA (valuing ` 2.48 crore) was taken by M/s IMP as per above clause of the contract. The supply of inferior

quality of material leads to unsatisfactory execution of the work. Had PTCUL forfeited the performance BG deposited by M/s IMP.

- Any other action taken against the firm (if any) for delay in repair or replacement of the damaged transformers.
- Whether any investigation was done by PTCUL/State Government on transformer of IMP make which were installed at Jhajhra Power substation. If yes, the copy of investigation report of internal investigation committee may please be provide to Audit.
- The status of damaged 160 MVA transformer. Whether the repair of the same was done. If yes, the details of expenditure on the repair of the said transformer may be furnished.

Initial reply of Management is still awaited.

**Para 2: Discrepancies in execution of the deposit work**

(A) National Highway Authority of India (NHAI) requested (December 2016) to O&M division of PTCUL, Haridwar for shifting and uplifting of 132 KV HT-line/ Towers near Chandi Devi Mandir and Shyampur due to widening of NH-74. An estimate for deposit work of ` 1.88 crore was prepared and submitted (April 2018) by O&M Haridwar for the said work to NHAI.

During scrutiny of records, it was observed that NHAI deposited only ` 1.38 crore in July 2018. PTCUL neither awarded the work nor demanded the remaining amount from NHAI upto January 2020. Meanwhile, a meeting under chairmanship of Additional Secretary, PWD, and Government of Uttarakhand regarding NHAI projects was held in January 2020. During the meeting, the issues related to the work of above line were discussed. PTCUL informed that the cost of shifting charge undergone for revision for which PIU Najibabad has to pay additional ` 36.00 lakh and LOA for the shifting work shall be issued immediately after receipt of payment from NHAI. PD PIU Najibabad (NHAI) Uttarakhand informed that suitable additional shifting charge shall be paid immediately on receipt of demand from the PTCUL. Thereafter, the work was awarded to M/s Shri Balaji Constructions in March 2020 at a cost of ` 1.46 crore without receipt of remaining amount from NHAI.

Further, as per clause 21(1) of Uttarakhand Procurement Rules, 2008, to ensure due performance of the contract, performance security is to be obtained from the successful bidder who has been awarded the contract. Performance security may be furnished in the form of account payee demand draft, fixed deposit receipt from commercial bank, Bank Guarantee in an acceptable form safeguarding the department/competent authority's interest in all respects.

As per clause 3.0 of the contract clause, the successful bidder has to pay performance cum security deposit at the rate of 10 *per cent* within 30 days of receipt of the Letter of Award *i.e.* 04.03.2020. But the performance Bank Guarantee on the said work amounting to ` 14.60 lakh has not been submitted by the firm till date.

The following clarifications/ information were sought but reply is still awaited:

- Reasons for delay in finalization of tender and award of work.
- The estimate of ` 1.88 crore was prepared in April 2018 whereas the work was awarded in March 2020 (Approx. two years later). Whether PTCUL had prepared a revised estimate

in the year 2019-20 before award of work. If yes; a copy of the same may be provided. If no, the reasons for not preparing the same.

- Whether the remaining amount of deposit from NHAI was received by PTCUL; if no; reasons for issue of LOA for the said work.
- What is the physical and financial progress of the work till date; whether any bill was raised by the firm if yes; details of payment made thereon.
- Whether any action has been taken against the firm for not submitting PBG; If no; reasons for non-action as the firm violated the mandatory provisions of the Uttarakhand Procurement Rules and contract by not submitting the PBG.

**B)** Similarly, NHAI requested (January 2018) to O&M division of PTCUL Rishikesh for shifting/ Diversion of 400 KV Rishikesh- Nahtore line for broadening of Haridwar – Nagina section in NH-74 at Chidiyapur Range (UP). An estimate for deposit work of ` 2.25 crore was prepared and submitted (April 2018) by 400 KV, O&M Rishikesh for the said work which is further revised (May 2019) to ` 2.01 crore.

During scrutiny of records, it was observed that NHAI deposited (July 2018) only ` 1.66 crore but has not deposited the remaining amount of ` 0.35 crore to PTCUL till date. Thereafter, the work was awarded to M/s Trans Global Power Limited in July 2019 at a cost of ` 1.73 crore without receipt of remaining amount from NHAI. Despite this, NHAI wrote (June 2019) to PTCUL to return an amount of ` 8.83 lakh from the earlier deposited amount of ` 1.66 crore stating the reason that NHAI deposited excess amount to the extent of ` 8.83 lakh for the above work.

Following clarifications/ information were sought but reply is still awaited:

- Whether the remaining amount of deposit from NHAI was received by PTCUL; if yes; a copy of the same may be provided.
- Whether the amount of ` 8.83 lakh claimed by NHAI was returned by PTCUL.
- What is the physical and financial progress of the work till date; Whether the cost of the work was increased; if yes, details of the same may be provided.

Initial reply of Management is still awaited.





**Para 3: Undue favour to contractor in deposit work.**

PTCUL entered into an agreement in May 2016 with a Joint venture of M/s Shri Balaji Constructions (Lead Partner), M/s Trading Engineers (International) Limited and M/s S.R. Constructions Limited at a cost of ` 8.97 crore (` 5.97 crore for supply and ` 3.00 crore for erection) for supply, erection, testing and commissioning of “diversion of 220 KV Rishikesh-Dharasu Line Ckt-Ist, 220 KV Rishikesh- Chamba line, 220 KV Rishikesh-DharasuCkt-II and Diversion of work of 132 KV Rishikesh –Srinagar line on turnkey basis”. LOA (i.e. date of start of work) was issued in December 2015. The work was awarded on deposit basis. The completion period of the work was 11 months from the date of LOA i.e. November 2016. As per clause 4.3 of LOA the completion date will be deemed to be the date on which all works on the contracts are demonstrated to be complete to the satisfaction of PTCUL/ Engineer and is complete in all respects as the terms and conditions of this contract.

As per payment clause (13.1) Special Conditions of the Contract, 80 *percent* of supply value for each consignment of material and accessories on submission of invoice along with 100 percent taxes, duties, cess F&I shall be paid. Of which 10 *percent* of supply value out of balance 20 *percent* of supply value shall be paid on completion of erection and testing of the transmission line and completion certificate from Engineer-in- Charge or equivalent.

During scrutiny of the records, it was noticed that contractor could not complete the work on time and the line was energized in February 2019 after a delay of more than two years. The work is still to be completed. However, PTCUL released ` 60.25 lakh (first 10 *percent* of the supply value retained) in December 2019 without completion certificate from Engineer-in-Charge or equivalent.

As per clause 2.0 of the contract clause, the successful bidder has to pay performance cum security deposit at the rate of 10 *per cent* within 30 days of receipt of the Letter of Award *i.e.* 05.12.2015. But the performance Bank Guarantee on the said work amounting to ` 90.00 lakh was submitted by contractor in May 2016 which is valid upto 31 August 2021. Further, M/s Shri Balaji Constructions was authorized to do any other act or submit any document related to the work. Further, as per clause 21(1) of Uttarakhand Procurement Rules, 2008, to ensure due performance of the contract, performance security is to be obtained from the successful bidder who has been awarded the contract.

The following clarifications/ information were sought but reply is still awaited:

- Reasons for releasing retention money of ` 60.00 lakh without issuing completion certificate by Engineer-in- Charge.
- Reason for accepting PBG from the third partner of JV instead of taking the same from lead partner.

Initial reply of Management is still awaited.

#### **Para 4: Irregularities in award of work**

a) PTCUL Invited (February 2019) Tenders from the experienced contractors/ firms for Supply, Erection, Testing & Commissioning of LT Switch gear at various substations of Garhwal & Kumaon Zone. Three bidders namely M/s Karan Super electrical, Haldwani, M/s Fibertech, Meerut and M/s Mittal Machine Pvt. Ltd., Dehradun participated in bid. As per Financial Qualifying Requirement, experience of having successfully completed similar works during last seven years and one similar completed work costing not less than the amount equal to ` 1.19 crore is essential. The “Similar Work” shall be “Supply/ Installation of AC Switch gear/DC Switch gear/Distribution Board/ Marshalling Kiosk”.

During scrutiny of records, it was noticed that the work was awarded to M/s Mittal Machine Pvt. Ltd, Dehradun at the cost of ` 1.42 crore on turnkey basis. As per Financial Qualifying Requirement, bidder must have experience of completing similar works as mentioned above. However, the contractor submitted (November 2017) the details of experience relating to Supply, Installation, Testing, Commissioning of Pumping Plants and HT Panel, Transformers with all other E&M appurtenant works including survey, Design/Checking of designs of pumping Plants *etc.* in Uttarakhand Peyjal Evam Vikas Nirman Nigam. This experience should not have been admissible in finalizing the award of the said work. Considering the work done in Pey Jal Nigam, as similar work in transmission utility and based on the same, awarding the work is not in order.

b) PTCUL Invited (February 2019) tenders from the experienced contractors/ firms for Supply, Erection, Testing & Commissioning for 132/33 KV Bay of 20 MVA Transformer for AIIMS at 132 KV S/s IDPL, Rishikesh. Only two bidders namely M/s Madan Contractors & Co., Dehradun, and Suresh Techno Electro (INDIA) LLP, Jabalpur participated in bid. As per Technical Qualifying Requirement (TQR), the bidder must have experience of construction 01 No. 132 KV Bay along with Supply, Erection, Testing & Commissioning of associated equipment.

During scrutiny of records, it was noticed that during the bidding process of the tender both bidders were Techno-commercial responsive for opening of price bid, the price bid were opened of both bidders and the work was awarded to L-1 bidders *i.e.* M/s Madan Contractors & Co., Dehradun at the cost of ` 1.63 crore on turnkey basis. However, second bidder, the Suresh Techno Electro (INDIA) LLP, Jabalpur submitted the work experience certificate of

work which was done on behalf of M/s Essel Jabalpur MSW Pvt. Limited for M.P. Power Transmission Company Ltd. As the Suresh Techno Electro (INDIA) LLP was not the main contractor for M.P. Power Transmission Company Ltd. and the same was considered by PTCUL for qualifying the TQR. On this basis, the bids were opened.

This experience should not have been admissible in finalizing the award of the said work. Considering the work done on behalf of others, as work experience in transmission utility and based on the same, awarding the work is not in order.

**Para 5: Non disposal of scrape leading to blockage of fund.**

As per inventory management, inventory in the store of any project or division should be reviewed every year. During review, if any, store/ inventory is found obsolete/ non-moving/ scrap/ unserviceable should be disposed off immediately by way of auction through proper system to avoid carrying cost on such type of inventory and deterioration of the realizable value of the same.

Scrutiny of record of PTCUL revealed that during 2018-19 to 2019-20, non-moving, unserviceable and obsolete/scrap inventory are lying in divisions of PTCUL as per details given below:

(` in crore)

<b>Types of Stock</b>	<b>As on March 2019</b>	<b>As on March 2020</b>
Stock-Non-moving	` 0.31	` 3.00
Stock-Unserviceable	NA	` 6.71
Stock- Obsolete/Scrap	` 0.10	` 8.36
<b>Total</b>	<b>` 0.41</b>	<b>` 18.07</b>

It can be seen from the above table that the value of non-moving, unserviceable and obsolete/scrap inventory increased from ` 0.41 crore in March 2019 to `18.07 crore in March 2020. This shows that PTCUL failed to dispose of its inventory during the year 2019-20. Reasons for increase in non-moving and obsolete/ scrap inventory and value of unserviceable inventory as on March 2019 may be intimated to audit.

Initial reply of Management is still awaited.

**Para 6: Non-adherence to Central Vigilance Commission guidelines.**

According to the Central Vigilance Commission (CVC) circular dated 17.02.2011, the Bank Guarantee (BG) taken towards security of Mobilization Advance should be at least 110 *per cent* of the advance so as to enable recovery of not only principal amount but also the interest portion. It is also stated that the mobilization advance should not be paid in less than two installments except in special circumstances for the reasons to be recorded.

During the scrutiny of the test check of the records, it was noticed that PTCUL entered into the agreement with various contractors for the construction of Sub-station and their associated lines for transmission of electricity. As per agreement, Mobilisation Advance at the rate of 10 *per cent* of the contract value shall be given to contractors and they will furnish BG of equivalent amount from any of the listed scheduled Bank of RBI. Contractors submitted BG (annexure enclosed) equivalent to the mobilization advance granted. However, the BG should have been taken for 110 *per cent* of the advance as per CVC guidelines.

Further, the mobilization advance was granted to the contractor in one installment only. Thus, the granting of mobilization advance in only one installment without obtaining adequate BG due to unsuitable clause (BG equivalent to advance instead of 110 *per cent*) in the agreements resulted in violation of the CVC guidelines.

Initial reply of Management is still awaited.

### **Part III**

Detail of unsettled paras of previous inspection reports:-

<b>Sl. No.</b>	<b>AIR for the period</b>	<b>Part-II-A</b>	<b>Part-II-B</b>	<b>Total</b>
1.	Since Inception to 3/07	1 to 9	1	10
2.	04/2007 to 09/2008	1 to 6	1 & 2	08
3.	10/2008 to 12/2009	1 to 5	1 to 5	10
4.	01/2009 to 09/2010	1 to 2	1 to 4	06
5.	10/2010 to 03/2015	1 to 2	1 to 4	06
6.	04/2015 to 03/2016	1 to 4	1 to 8	12
7.	04/2016 to 03/2017	1 to 5	1 to 8	13
8.	04/2017 to 03/2018	1 to 3	1 to 4	07
9.	04/2018 to 03/2019	1	1 to 6	07

For obtaining the replies of old outstanding AIRs/paras, the audit memo number 02 (book number 1052) was issued to the Management of PTCUL. In turn, Management stated that the replies of old outstanding AIRs/paras are being prepared and the same shall be submitted as earliest.



**Part IV**

**Best practices of the unit**

-----NIL-----

**Part V**

**Acknowledgement**

1. Office of the Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Managing Director, Uttarakhand Power Transmission Corporation Ltd., Dehradun and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

2. Though following documents were not produced during audit:

--NIL--

3. Persistent irregularities.

--NIL--

4. The following officers held the charge of head of the office during the audit period:

Sl. No.	Name	Designation	Period
1.	Shri Sandeep Singhal	Managing Director	Last audit to 31 January 2020
2.	Shri Atul Kumar Agrawal	Managing Director	01 February 2020 to 06 August 2020
3.	Shri NeerajKhairwal	Managing Director	06 August 2020 to till date
4.	Shri Amitabh Maitra	Director (Finance)	05 August 2015 to till date

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Deputy Accountant General/AMG-II, Office of the Principal Accountant General (Audit), MahalekhakarBhawan, Kaulagarh, Dehradun- 248195 within one month of receipt of the letter.

**Sr. Audit Officer/AMG-II**