

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Sitarganj, U.S. Nagar. 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 Executive Engineer, Electricity Distribution Division, Sitarganj, U.S. Nagar for the period April 2017 to March 2018 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read & section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Manoj Kumar Negi, AAO and Seeti Ram Meena, Auditor under the supervision of Shri Amit Kumar Mishra, Audit Officer during the period from 11-07-2018 to 20-07-2018.

Part-I

1. **Introduction:-** The last Audit of this unit was carried out by Shri Vikas Dhyani, AAO and Sunil Verma, Sr. Auditor under the partial supervision of Shri Mukesh Kumar, Sr. AO for the period the period from April 2015 to March 2017. In current audit, accounting records of the period from April 2017 to March 2018 were generally examined.

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

The function of the Electricity Distribution Division, Sitarganj, U.S. Nagar is to distribute electricity to all over of Sitarganj town in U.S. Nagar district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within Sitarganj town, U.S. Nagar district.

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

Electricity Distribution Division, Sitarganj, U.S. Nagar was covered in the audit. Inspection reports of all independent Drawing and Disbursing officers are being issued separately. This inspection report is based on findings of audit and March 2018 was selected for detailed examination & Revenue receipts and August 2017 were selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
2017-18	₹ 2444845967.5	₹ 161766128	

(To the extent this information is available & applicable)

(iv) Organisation structure of the unit and reporting lines.

The Electricity Distribution Division Sitarganj, U.S. Nagar is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part-II B

Para 1 : -Avoidable loss of energy in distribution – ` 6.48 crore

The main function of the Company is to receive the energy and distribute it among the consumers in such a way that loss of energy in distribution (line losses) should not exceed the norms fixed by the UERC. The distribution loss trajectory approved by UERC 15.00 *percent* for the year 2015-16 & 2016-17 and 14.75 *percent* for the year 2017-18. To achieve the norm, UERC also identified some causes due to which there is loss of energy in distribution and suggested remedial measures to achieve the norms in respect of line losses as fixed by it.

The causes and norms for line losses are as under:-

Causes:-

- (i) Un-authorized extraction of electricity.
- (ii) Defective metering system.
- (iii) Wrong estimation of consumed energy.
- (iv) Non-rectification of defective system in due course.

Measures:-

- (i) Installation of Electronic meters to control theft.
- (ii) Regular checking of unauthorized extraction of electricity.
- (iii) Rectification of defective system in due course.

During test check (July 2018) of relevant records of the Office of the Executive Engineer, Electricity Distribution Division, Sitarganj, it was noticed that the distribution losses of the division was 16.74 *per cent* in 2015-16, 16.15 *per cent* in 2016-17 and 18.53 *per cent* in 2017-18 against the permissible limit fixed by the UERC (15.00 *per cent* for 2015-16 & 2016-17 and 14.75 *per cent* in 2017-18). Consequently, division suffered a loss of ` 6.48 crore in 2017-18 (by taking average rate per unit of energy).

The detail in this regard has been worked out in the table given below:

Sl. No.	Particular	Year		
		2015-16	2016-17	2017-18
1.	Energy received during the period (MU)	651.119	650.777	672.830
2.	Sale of energy (MU)	542.130	545.667	548.155
3.	Loss of energy (in <i>percent</i>)	16.74	16.15	18.53
	Loss of energy (MU)	108.989	105.110	124.675
4.	Permissible losses (in <i>percent</i>)	15.00	15.00	14.75
	Permissible losses (MU)	97.668	97.617	99.24
5.	Avoidable loss of energy in distribution (MU)	11.321	7.493	25.435
6.	Minimum cost of energy per unit (in ₹)	2.74	2.60	2.55
7.	Total Avoidable Loss(in ₹)	3,10,19,540	1,94,81,800	6,48,59,250

It is evident from the above that the division failed to control the loss of energy in distribution during the period from 2015-16 to 2017-18. Had the division taken the measures as suggested by UERC then this loss would have been minimized.

It is also pertinent to mention that same issue was also raised by audit in the audit inspection report of 2011-12, 2012-13, 2015-16 and 2017-18.

On this being pointed out, the division replied that in present the data reflects energy losses in commercial diary is provisional and after revised commercial diary for the month of March 2018 the revised figures will be intimate to audit.

Reply of the division is not tenable because the division could not maintain the distribution losses as per measures set by the UERC.

The matter is brought to the notice.

**Review of old AIR
(Avoidable loss of energy in distribution)**

Sl. No.	AIR No.	Nature of para	Para No.	Title
1.	44/2011-12	Part-II B	3	Avoidable loss of energy in distribution because of not taking corrective action ₹ 39.08 crore.
2.	84/2012-13	Part-II B	1	Avoidable loss of energy in distribution ₹ 9.48 crore.
3.	21/2015-16	Part-II B	3	Avoidable loss of energy in distribution due to lack of monitoring ₹ 7.28 crore.
4.	04/2017-18	Part-II A	1	Avoidable loss of energy in distribution ₹ 10.78 crore.

Para 2: Non-recovery of electricity dues from Non-Govt. Consumers amounting to ₹ 51.66 crore

Commercial & Revenue manual of Uttar Pradesh Power Corporation (which is being followed by Uttarakhand Power Corporation Limited) provides that in case a consumer does not pay electricity dues against him, within 30 days from the receipt of bill, his connection would be disconnected and demand notice for recovery of electricity dues will be issued Under section 3 of UP Electricity Dues and Recovery Act, 1958 for depositing of dues against him within 30 days. In case consumer again fails to deposit the dues in the stipulated period, a recovery certificate (RC) U/S-5 of UP Electricity Dues and Recovery Act, 1958 would be issued through concerned District Authority. All such action for recovery of dues should be completed within Six Months.

During Scrutiny of records relating to electricity dues against Non-Government Consumers (Domestic, Commercial, BPL Private Tube wells and L.T. Industries Consumers), it was noticed that electricity dues was ` 54.41 crore in 2016-17 and ` 51.66 crore in 2017-18 as detailed below:

(₹ in lakh)

Sl. No.	Particulars	2016-17	2017-18
1.	Balance outstanding at the beginning of the year	5484.72	5441.47
2.	Revenue assessed/Billed during the year	26027.20	29682.85
3.	Total amount due for realisation (1+2)	31511.92	35124.32
4.	Total amount adjusted/ waived off/ rebate	143.32	162.94
5.	Amount realised during the year	25927.13	29794.4
6.	Balance outstanding at the end of the year	5441.47	5166.18

Thus, it is evident from the above that the division was not serious to realize the dues from the consumers. Had the division been serious to realize the dues in question from the consumers and taken action as provided in the Commercial and Revenue Manual, these dues could have been recovered from the consumers.

It is also pertinent to mention that similar issues were also raised by audit in the audit inspection report of 2012-13 and 2017-18.

Division accepted the audit objection and replied that division are trying continuously for recovery of outstanding bills and notices are being sent Under section 3 and 5 to default consumers.

Matter is brought to the notice.

Para 3: Non- realisation of additional security amounting to ₹ 3.78 crore and non- realization of initial security deposit amounting to ₹ 5.73 lakh.

(A) As per para 2.2.1 of UERC Regulations, 2007, security of the consumers should be assessed in end of each financial year in respect of those consumers who have been given the connection for supply of electricity, the security should be equal to average consumption of two month bill of the financial year. In case security reassessed exceeds the amount of security already deposited, the differential amount will be demanded as additional security by given a notice to the consumers within the 45 days. In case the additional security which is not deposited within the stipulated period, the electricity supply of such consumers can be disconnected.

Scrutiny of billing files and other related records of the large & heavy consumers of Office of the Executive Engineer, Electricity Distribution Division, Sitarganj in July 2018, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited which worked out to ₹ 3.78 crore in respect of 68 consumers as on April 2017. As per circular in question, amount of this additional security was required to be recovered within 45 days i.e. 15 May 2017. This amount should have been recovered from consumers well in time.

It is also pertinent to mention that same issue was also raised by audit in the audit inspection report of the year 2011-12, 2012-13, 2014-15, 2015-16 and 2017-18 but no improvement was seen in recovery.

The division in its replied that recovery of ₹ 1.44 crore of the additional security has been done by the division and rest amount will be recovered shortly.

Reply is not acceptable as division failed to recover the amount of additional security from consumers well in time and any documents not produced to audit for recovery of ₹ 1.44 crore of the additional security.

The matter is brought to the notice.

(B) As per UERC norms, UPCL collects security deposit from all categories of consumers at the time of releasing connections. The rate of Security deposit varies on different categories of consumers. During scrutiny of the records, it was observed that there are 29 non-domestic consumers (RTS-2& RTS-7) whom connection have been released without depositing the required security deposit by them. This resulted in non- realisation of Security deposit by ` 5.73 lakh and violation of UERC regulations. The details are as follows:

Sl. No.	Name of the consumer	Consumer No.	Category	Load (in KW)	Security Deposit @ ` 1000 per KW
1.	Govt. Hospital khatima	4354	RTS-2	74	74000
2.	ITI chakepurkhtima	4719	RTS-2	40	40000
3.	Superintendnt. Jail Cam STJ	4767	RTS-2	80	80000
4.	M/s Branch Manager	10139	RTS-2	45	45000
5.	Principial,Gurunanak academy school	14147	RTS-2	10	10000
6.	Incharge, TRH	14200	RTS-2	10	10000
7.	Principial, ATS khatima	14422	RTS-2	19	19000
8.	CharanDass,Kashmirsinghkichha Road	14073	RTS-7	7	7000
9.	Kalyanlal, shiv Prasad, Bara, Sitarganj	13980	RTS-7	8	8000
10.	Suresh Chandra uttamkumarsitarganj	13959	RTS-7	8	8000
11.	GyaniPyara,Sodagarsinghnanakmatta	13934	RTS-7	12	12000
12.	Madan attachakki,khatima	13929	RTS-7	12	12000
13.	Gurnam,Ranjeetsingh,khatima	13922	RTS-7	6	6000
14.	M/s Panjab Eng. Works,gurdyalsingh,nanakmatta	13917	RTS-7	7	7000
15.	Charandass Kashmir singhsitarganj	14073	RTS-7	7	7000
16.	Kalyanlal shiv Prasad bara,sitarganj	13980	RTS-7	8	8000
17.	Suresh Chandra uttamkumarkhatima	13959	RTS-7	8	8000
18.	Gyanisinghsodagarsinghsitarganj	13934	RTS-7	12	12000
19.	M/s Panjab eng.Works,gurdyalsinghnanakmatta	13917	RTS-7	7	7000
20.	Kailash chand,mewa ram khatima	13903	RTS-7	12	12000
21.	Lalta Prasad ram bharosykhata	13896	RTS-7	13	13000
22.	M/s Durga traders kichhasitarganj	13746	RTS-7	8	8000
23.	M Mchedda, amardasssitarganj	13784	RTS-7	6	6000
24.	Lal singh, luxmansinghnanakmatta	13865	RTS-7	8	8000
25.	Narayan singh,V.sunkharinanakmatta	13875	RTS-7	8	8000
26.	Karamsingh, khatima	13887	RTS-7	7	7000
27.	M/s Durga Industry Rice mill, khatima	4138	RTS-7	46	46000
28.	M/s Mahavirchand,ravindra rice mill khatima	4164	RTS-7	74	74000
29.	Kabul singh,Sitarganj	9369	RTS-7	11	11000
Total					573000

On this being pointed out, the division replied that after examine the above connections the matter will be intimate to audit.

The matter is brought to the notice.

Annexure

**Review of old AIRs
(Additional security)**

Sl. No.	AIR No.	Nature of para	Para No.	Title
1.	44/2011-12	Part-II A	1	Avoidable loss due to non-recovery of additional security ₹ 19.89 lakh
2.	84/2012-13	Part-II A	1	Non-realisation of additional security amounting to ₹ 3.75 crore.
3.	21/2014-15	Part-II B	2	Non-realisation of additional security amounting to ₹ 4.36 crore.
4.	21/2015-16	Part-II B	1	Non-recovery of additional security amounting to ₹ 2.79 crore.
5.	04/2017-18	Part-II A	2	Non-recovery of additional security amounting to ₹ 3.93 crore.

**Review of old AIRs
(Initial security)**

Sl. No.	AIR No.	Nature of para	Para No.	Title
1.	04/2017-18	Part-II B	4	Non- realization of Initial Security Deposit

Annexure

(Non recovery of electricity dues from Non-Government Consumers)

Sl. No.	AIR No.	Nature of para	Para No.	Title
1.	84/2012-13	Part-II A	2	Non-recovery of electricity dues amounting to ₹ 7.43 crore because of violation of commercial and Revenue manual.
2.	04/2017-18	Part-II A	3	Non recovery of electricity dues from Non-Government Consumers

Para 4: Blockade of ₹ 95.80 lakh due to indifferent approach of State Government.

As per Indian Electricity Act, 2003, the payment of electricity dues should be made within due date mentioned in the bill. In case of default, the supply was required to be disconnected after seven days and a demand notice under section 3 of Dues Recovery Act, 1958 (giving 30 days' notice) was to be sent. If payment was not received, a Recovery Certificate (RC) under section 5 of the said act was to be sent to the District Magistrate concerned to recover the dues as land revenue. Proper care was required to be taken that the particulars of the consumers were correct and permanent disconnection was duly finalized so that the RC's could be realized.

The status of unrecovered Recovery Certificates during 2016-17 to 2017-18 in Electricity Distribution Division, Sitarganj were detailed below:

For the year 2016-17

(₹ In lakh)

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2016.	34	43.10
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2016 to March-2017	53	65.21
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	01	1.17
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2016 to March-2017.	23	13.17
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	63	93.97

For the year 2017-18

(₹ In lakh)

Sl. No.	Particulars	Number	Amount
6.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2017.	63	93.97
7.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2017 to March-2018	02	2.37
8.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2017 to March-2018.	1	0.54
9.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2017 to March-2018.	---	--
10.	Number of RCs pending with the DM office due to non-realization as on 31.03.2018.	64	95.8

It was noticed that the 34 numbers of RCs amounting to ` 43.10 lakh were pending for realization in the beginning of April 2016 which increased to 64 number of RCs amounting to ` 95.8 lakh in 2017-18. Had proper action for temporary/permanent disconnection been taken by the division in time against the defaulting consumers, this arrear would not have been accumulated. As a result, the Company could not realize its revenue and this has resulted in blockade of revenue amounting to ` 93.97 lakh.

It is also pertinent to mention that similar issues were also raised by audit in the audit inspection report of 2014-15 and 2015-16.

Division accepted the audit observation and stated that the recovery is pending at District Magistrate office. The reply of the division is not acceptable as division also failed to carry out any correspondence in this respect with the state authorities.

Matter is brought to the notice

**Annexure
(RC-5)**

Sl. No.	AIR No.	Nature of para	Para No.	Title
1	21/2014-15	Part-II B	3	Non- issuance of Recovery certificate u/s-5 amounting to ₹ 12.02 crore.
2	21/2015-16	Part-II B	2	Non- issuance of Recovery notice u/s-5 amounting to ₹ 12.02 crore.

Para 5: Energy as well as revenue loss amounting to ₹ 27.23 lakh due to theft/pilferage.

In order to minimise the cases of pilferage/ loss of energy, Section 163 of Electricity Act 2003 provides that the licensee may enter in the premises of a consumer for inspection and testing the apparatus. As per section 135 of Electricity Act 2003 and Electricity (amendment) Act, 2007, theft of energy is an offence punishable under the said Act.

Audit observed that the division did not fix any target for inspection and testing of apparatus. An analysis of the theft cases and assessments made by the division of the Company during 2014-15 to 2016-17 is detailed below:

(` in lakh)

Year of checking	Total number of consumers	Number of checking	Number of irregularity cases detected	FIR lodged	Amount assessed	Amount realized	Balance
2016-17	84850	402	400	386	56.49	46.83	9.66
2017-18	88484	521	515	458	105.85	78.62	27.23
Total					162.34	125.45	

Source: Information compiled from the data provided by the Company

It can be seen that the total number of checking carried out by division ranged between 0.47 per cent to 0.59 per cent of the total number of consumers during the period 2016-17 to 2017-18.

It is also pertinent to mention that the percentage of irregularities were detected in 100 percent of the cases checked during 2016-17 and 2017-18. Further, division could realise only ₹ 125.45 lakh against assessed amount of ₹ 162.34 lakh from the defaulting consumers.

This shows that substantial detection of theft was noticed in checking and significant amount of revenue was also realized but percentage of checking itself as compared to total number of consumers was negligible. Had the division increased the number of checking in a year, leakage of revenue in the shape of theft could be avoided.

It is also pertinent to mention that same issue was also raised by audit in the audit inspection report of 2017-18.

The division in its reply stated that due to shortage of manpower, it is not possible to increase checking for detecting the theft. However, efforts are being made for detecting the theft.

The reply of the division confirms the fact that there is need of greater vigilance check for detecting the theft.

Matter is brought to the notice

Annexure
Review of old AIRs.

(Energy as well as revenue loss due to theft/pilferage)

Sl. No.	AIR No.	Nature of para	Para No.	Title
1.	04/2017-18	Part-II B	1	Energy as well as revenue loss due to theft/pilferage

Para 6: Non-receipt of revenue receipt books.

Revenue receipts books are the manual receipt which is used by the division and the sub divisions in order to realize the electricity dues from the consumers in absence of network connectivity. EDD Sitarganj issued revenue receipt books to the SDO's. After realization of revenue, the counterfoils of receipt books are returned by user to the Division to check that revenue receipt books were used properly.

During scrutiny of revenue receipt books issue register for the period from April 2017 to December 2017, it was noticed that 382 revenue receipt books were not returned to the division by the concerned S.D.Os, while more than 6 months had been elapsed from the date of issue of Revenue Receipt Books. Thus, misuse of the revenue receipt books cannot be ruled out.

Division, while accepting the facts stated that all the pending revenue receipt books will be collected by the division and the same will be intimated to audit.

Matter is brought to the notice.

Part III

(In this part, detail of unsettled paras of previous inspection reports to be reported in below given format.)

Details of unsettled paras of previous inspection reports:-

Sl. No.	Period	Part II-A	Part II-B
1.	02/2006 to 03/2007	01,02	-
2.	04/2009 to 03/2011	02	03,06
3.	4/2011 to 3/2012	-	1,2,6
5.	4/2012 to 3/2014	-	1,2,3,4,5,6
6.	04/2014 to 03/2015	-	1,2,3,4,5,6,7,8
7.	04/2015 to 03/2017	1,2,3,4	1,2,3,4,5,6,7

Compliance report of unsettled paras of previous inspection report-

Inspection report period and number	Para No. Audit observation	Compliance report	Comments of Audit Party	Remarks
Outstanding paras along with supporting documents not provided by the division.				

Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

Office of The Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Distribution Division, Sitarganj, U.S. Nagar 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	Post
(i)	Shri Imtiyaz Ahmad, (04/2017 to 03/2018)	Executive Engineer.

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/Economic Sector, Office of the Principal Accountant General (Audit), Mahalekhakar Bhawan, Kaulagarh, Dehradun- 248195 within one month of receipt of the letter.

Sr. AO/ES-I