

This Audit Inspection Report has been prepared on the basis of information provided by Electricity Distribution Circle (Rural), 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 Electricity Distribution Circle(Rural), Dehradun for the period from April 2018 to March 2020 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act, 1971 read with section 143 of Companies Act, 2013. Audit Inspection was conducted by Shri Khub Chand, Asstt. Audit Officer and Shri Dheerendra Singh, Asstt. Audit Officer (Adhoc) under the supervision of Shri Vikas Dhyani, Sr. Audit Officer during the period from 03 November 2020 to 07November 2020.

Part-I

1. **Introduction:** - The last audit of this Circle was carried out by Shri A. P. Singh, AAO and Shri Vikas Dhyani, AAO under the partial supervision of Shri Mukesh Kumar, Sr. Audit Officer in which accounting records for the period from October 2016 to March 2018 were generally examined. In current audit, accounting records of the period from April 2018 to March 2020 were examined.

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

The main functions of the Circle are to control over/monitoring of the Electricity Distribution Divisions (*i.e.* EDD Raipur, Dehradun, EDD Mohanpur, Dehradun, EDD Vikas Nagar, EDD Doiwala and EDD Rishikesh) and Test Division (Rural) Dehradun under its jurisdiction *i.e.* control over damage rate of transformers, collection of revenue, loss of energy in distribution, releasing of L.T. connections, Enhancement of load, Reduction of load in the stipulated period as fixed by the UERC and finalisation of contracts/agreements for execution by these divisions. Geographical Jurisdiction of the Circle is Dehradun and its rural area.

(ii) Auditing methodology and scope of audit:

Electricity Distribution Circle (Rural), Dehradun Uttarakhand Power Corporation Ltd. Dehradun was covered in the audit. This inspection report is based on the findings raised on the examination of records provided by the Circle.

(iii) Revenue, Expenditure and Profit/Loss for the last five years.

Not applicable because no revenue generated and expenditure is incurred by the Circle.

(iv) Organization structure of the Circle.

The Electricity Distribution Circle (Rural), Dehradun is Electricity Distribution Circle of UPCL which is officiated by the Superintending Engineer.

PART-II A

-----NIL-----

Part-II-B

Para1: Award of work at higher rates.

Electricity Distribution Circle (Rural) Dehradun, prepared an estimate for a work of supply and fixing of CT/PT for various divisions of Garhwal Zone and Haridwar Zone. The total estimated value of work was ₹ 3.50 crore (Material, Labour and taxes). Circle invited tenders in March 2019 for the work. Three bidders participated in the bid and two of them were qualified for opening of price-bid.

During scrutiny of records, it was noticed that the lowest rate quoted by L-1 bidder namely M/s R.P. Infra Power Private Limited, Ghaziabad amounting to ₹ 5.20 crore excluding taxes which was 132.34 *per cent* (approximately) higher than the estimate. Circle negotiated with the L-1 bidder and work was award to L-1 bidder at a cost of ₹ 4.79 crore (taxes ₹ 0.86 crore extra) after negotiation which is significantly higher by 114.04 *per cent* than the estimated value of the work.

Instead of scrapping the tender, the awarding of work on significantly higher rates than the estimated value of work is not justified. This shows that either the estimate for the work was not prepared on realistic basis or the work was awarded on significantly higher rates.

Circle stated in its reply that the work was awarded to L-1 bidder at higher rates after analysing the increased market rates of high quality CT & PT and after approval of the competent authority/ committee. However, the fact remains that the work was awarded on significantly higher rates which shows that the estimate for the work was not made on realistic basis.

The matter was brought to the notice of higher authorities.

Para 2: Irregularities in award of work.

Electricity Distribution Circle (Rural), Dehradun Invited (July 2019) tenders from the contractors/ firms for the work of laying of underground 33KV XLPE cable through trenchless technology on turnkey basis from 33/11 KV Sub-Station Jollygrant to new proposed Dehradun airport sub-station under EDD, Doiwala. Five bidders have participated in bidding process. Only two bidders qualified in technical evaluation. As per pre-qualifying condition, the bidder must have successfully completed work of at least 06 km of laying of underground 33 KV XLPE cable through trenchless technology for any Govt. Department/Govt. Undertaking/SEBs/ Power Sector Utilities during the last seven years as on the date of bid opening.

During scrutiny of records, it was noticed that one of the qualified bidders submitted experience certificate for the laying of underground cable only for 4.658 kilometres instead of prescribed 06 kilometres. On the basis of insufficient work experience, the bidder did not qualify for opening of price bid and the tender should have been scrapped due to only one qualified bidder. However, circle considered the insufficient work experience and qualified the bidder for participating in the price bid which was not in order. Accepting his experience for opening of the price bid resulted in violation of pre-qualification conditions of the bid.

Circle stated in its reply that L-2 bidder completed the work of 9.316 kilometres on the basis of the rates of 4.658 kilometres which is much more than the desired experience of 6 kilometres. The reply of the division is not convincing as it is clearly stated in the experience certificate given by the executing agency (Pashchimanchal Vidyut Vitran Nigam Limited) that the contractor completed the work of laying of underground cable only for 4.658 kilometres and accepting his experience for opening of the price bid resulted in violation of pre-qualification conditions of the bid.

The matter was brought to the notice of higher authorities.

Para 3: Non-recovery of electricity dues from the Government and Non-Government Consumers amounting to ₹ 43.88 crore.

The main functions of the Circle are to control/monitor over/of the Distribution Divisions under its jurisdiction i.e. control over damage rate of transformers, collection of revenue, loss of energy in distribution, realizing of L.T. connections, Enhancement of load and Reduction of load in the stipulated period as fixed by the UERC and finalizing of contracts/agreements for execution by the divisions.

The Electricity Act, 2003 provides that in case a consumer does not pay the electricity dues which are due against him, within 15 days from the date of receipt of the bill, the electricity connection should be disconnected and demand notice of electricity charges is to be issued under Section-3 of Electricity Act 2003 for depositing the dues within 30 days. In case defaulting consumers again do not deposit the dues within stipulated period than notice U/s-3 by the division and further recovery certificate under Section - 5 of the said Act would be issued through District Authorities. All these actions should be completed within 6 months.

During scrutiny of records relating to arrears of Non-Government and Government consumers, it was noticed that electricity dues amounting to ₹ 43.88 crore were outstanding as on March 2020 for realization against the both categories of consumers as detailed below:

(₹ in lakh)

Sl. No.	Name of Division	Category of consumers	Arrear as on March 2019	Arrear as on March 2020	Increase/ decrease
1	EDD, Raipur	Non-Govt.	3360.51	3378.89	18.38
		Government	318.20	705.74	387.54
2	EDD, Vikasnagar	Non-Govt.	4194.23	3612.06	-582.17
		Government	2968.90	4854.89	1855.99
3	EDD, Rishikesh	Non-Govt.	28993.14	29094.80	101.66
		Government	1285.13	1645.19	360.06
4	EDD, Doiwala	Non-Govt.	134.04	147.97	13.93
		Government	235.07	359.09	124.02
5	EDD, Mohanpur	Non-Govt.	181.33	1516.00	1334.67
		Government	222.44	966.70	744.26
Total			41892.99	46281.33	4388.34

It was noticed that electricity dues of ₹ 418.93 crore were pending against the above consumers as on March 2019 which increased to ₹ 462.81 crore in March 2020. It revealed that during the year 2019-20 the outstanding dues increased by ₹ 43.88 crore (Approximate 10.55 per cent). This shows that divisions were not properly monitored by the Circle.

Circle stated in its reply that all the distribution divisions concerned are being instructed to take steps for timely realization of electricity dues. However, the fact remains that significant amount of dues is yet to be realized.

The matter was brought to the notice of higher authorities.

Para 4- General Irregularities

During the review of records relating to award of work by the Circle, some irregularities were noticed which are detailed below:

1. 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.

During scrutiny of some selected agreements, it was noticed that UPCL extended the benefit to the contractors by way of performance security clause of these agreements. As per the said clause, Performance security at the rate of 10 *percent* of the contract value is demanded from the contractors before or at the time of contract failing which a deduction of 10 *percent* from the running bills is made for the performance security. In all these selected cases, the contractor does not submit the performance security and deductions were made from the running bills of the contractors. It was also seen that contractors submitted the performance security after completion of work to obtain the 10 percent deducted/ retained amount from the running bills.

2. As per pre-qualifying condition for the tenderer, the bidder must have successfully completed the same kind of works for any Govt. Department/Govt. Undertaking/SEBs/ Power Sector Utilities during the last three/seven (*etc.* as required) years as on date of bid opening.

During scrutiny of records it was noticed that the value of work completed was not mentioned in pre-qualifying condition for any tender. Hence, this pre-qualifying condition is incomplete as value of work completed by the contractor was not considered. This resulted in non-evaluation of financial competence/ experience of the contractors in completion of the awarded work.

Circle accepted the audit observation and stated in its reply that corrective suggestions will be incorporated in future agreements.

The matter was brought to the notice of higher authorities.

Part-III

Outstanding Paras of previous Audit Inspection Reports.

Period	Part II A	Part IIB	Total
04/1991 to 03/1993	--	1,2,3 &4	04
04/1996 to 03/1998	--	1	01
04/1998 to 10/2000	1	1,2	03
11/2000 to 08/2003	-	1,2	02
09/2003 to 03/2005	--	1,2	02
04/2005 to 03/2006	--	1,2	02
10/2006 to 03/2007	---	1,2 &3	03
04/2007 to 03/2013	--	1,2	02
04/2013 to 09/2016	1	1,2	03
10/2016 to 03/2018	--	1,2 &3	03

Compliance report of unsettled paras of previous inspection report-

For furnishing of reply of the outstanding paras of old Inspection Reports, an audit memo No.38of Book No. 1051 was issued to the Circle. In turn, the reply of audit memo was not furnished by the Circle.

Part IV

Best practices of the Unit

-----NIL-----

Part V

Acknowledgement

1. Office of the Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Superintending Engineer of the Electricity Distribution (Rural) Circle and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

The documents were not produced during audit:

NIL

2. **Persistent irregularities.**

NIL

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

Sr. No.	Name of Superintending Engineer/AAO	Post	Period
1.	Shri. M.L.Tamta	Superintending Engineer	06.04.2015 to 12.05.2018
2.	Shri. N. S. Bisht	Superintending Engineer	12.05.2018 to 03.11.2020
3.	Shri Amit Kumar	Superintending Engineer	03.11.2020 to till date.
4.	Shri Vijay Kumar Gupta	AAO	Since last audit to 12.09.2019
5.	Shri Hoshiyar Singh Rawat	AAO	12.09.2019 to till date.

The compliance report on the AIR may be sent to Deputy Accountant General/AMG-II, Office of the Principal Accountant General (Audit), Uttarakhand, Mahalekhakaar, Bhawan, Kaulagarh, Dehradun within one month of receipt of the letter.

Sr. Audit Officer/AMG-II(PSUs)