

This Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division (North), 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 Executive Engineer, Electricity Distribution Division (North), Dehradun 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 Ms. Purna Bhadula, AAO, Shri Khub Chand, AAO under the supervision of Ms. Usha Singh, Audit Officer during the period from 10.07.2018 to 19.07.2018.

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Shri A. P. Singh, AAO and Shri Vikas Dhyani, AAO in which accounting records of the period from April 2016 to March 2017 were generally examined. 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 (North), Dehradun is to distribute electricity to all over Northern area of Dehradun district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within northern area of Dehradun District.

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

Electricity Distribution Division (North), Dehradun 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 August 2017 month was selected for detailed examination and January 2018 was selected for Arithmetical Accuracy.

(iii)

<b>Year</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Profit</b>
2017-18	` 1221240041	` 112016502	--

(To the extent this information is available & applicable)

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

The Electricity Distribution Division (North), Dehradun is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

**Part II (A)**

-----Nil-----

## **Part II B**

### **Para 1 – Non recovery of dues amounting to ` 4.42 crore due to non issuance of Recovery Certificate u/s 5.**

Commercial & Revenue Manual of Uttar Pradesh Power Corporation (which is being followed by Uttarakhand Power Corporation) provides that in case a consumer does not pay electricity dues against him, within 15 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 within 30 days. In case the consumer again fails to deposit the dues in the stipulated period then a recovery certificate (RC) under section-5 of UP Electricity dues and recovery Act 1958 would be issued through concerned Dist. Authority. All such action for recovery of dues should be completed within six months.

As on 30 Sept. 2017, there were 1729 notices (` 5.15 crore) pending for recovery under section 3. The recovery notice 5 should have been issued for all these cases within a period of 6 months. However, it was seen that till March 2018 the division issued only 20 (` 9.95 lakh) recovery notice U/s 5 for recovery leaving behind 1709 notice remain un-issued. In response, only one consumer deposited ` 60,000 and the balance 19 consumers did not deposit the dues.

In view of huge outstanding dues, the division should have taken timely measures in respect of issuance of recovery notice u/s 5 so that the revenue could have been realised. The laid back attitude of the division in this regard will further delay the process of recovery and huge accumulation of the dues. Thus the non issuance of notice u/s-5 resulted in the non realisation of revenue to the Govt. Exchequer of ` 4.42 crore.

Reply to the para is still awaited, however the matter has been brought to the notice of higher authorities.

**Para 2: Non-realisation of Recovery Certificate due to non maintenance of proper database of consumers- ` 44.75 lakh**

As per Indian Electricity Act, 2003, the payment of electricity dues should be made within the 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.

During scrutiny of records, it was noticed that, 130 numbers of RCs amounting to ` 44.75 lakh were returned from district authorities during the period ranging from 2012 to 2017. The reasons for the return of RC were mainly incomplete address, consumer not available at given address. This shows that consumers' details were not fed correctly/not updated in the records of the division. Also most of the cases for the recovery pertain to the period 2010-2012 due to which the chances of recovery of these dues are very grim. Further in the event of return of RC's no action was taken by the division for recovery in the past 06 years. The RC's with incomplete address were not sent to Sub division office to update the same. This shows that despite of huge pendency of dues, sufficient steps were not taken by the division for recovery of dues leading to a possibility that the same may not be recovered at all.

Reply to the para is still awaited, however the matter has been brought to the notice of higher authorities.

### **Para 3: Huge outstanding dues amounting to ` 694.15 lakh**

Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which has been adopted by Uttarakhand Power Corporation) *inter-alia* provides that in case a consumer does not deposit electricity dues within 30 days from the date of receipt of bill, his connection would be liable to be disconnected and a demand notice for recovery of electricity dues will be issued u/s 3 of Electricity Dues & Recovery Act, 1958 for depositing of dues against him within 30 days. In-case consumer does not deposit the dues within stipulated period a Recovery Certificate (R.C.) will be issued u/s-5 through District authorities. All such action for recovery of electricity dues should be completed within six month.

Scrutiny of records revealed that as on March 2018 huge amount of ` 694.15 lakh was pending for realization from the different categories of consumers as detailed below:

(` in lakh)

<b>Particulars</b>	<b>Arrear (2016-17)</b>	<b>Arrear (2017-18)</b>
Non Government Consumers	408.12	333.00
Government Consumers	361.59	361.15
<b>Total</b>	<b>769.71</b>	<b>694.15</b>

While the scrutiny of the record of EDD (North) Dehradun it had been seen that the huge outstanding balance of ₹ 694.15 lakh is against the consumers for the year ending March 2018. Due to the lack of improper/inefficient way of collection of Government revenue by the EDD (North) Dehradun resulted loss to the Government revenue for ₹ 694.15 lakh.

During the check's of record it also been seen that the EDD (North) Dehradun has not issued the notices under the section 3 and 5 to the consumer's who were defaulter's for paying their electricity bills.

Reply to the para is still awaited, however the matter has been brought to the notice of higher authorities.

**Para 4: Non compliance to UPCL headquarter working plan for NB/SB cases.**

According to UPCL HQ's letter dated 2 May 2017, a working plan was circulated to all the Electricity Distribution Offices in order to write off the fictitious cases of NB/SB and access the actual dues outstanding dues. The following action plan was formulated by the HQ's office:-

1. The consumers were to be issued the final bill after NB/SB with the direction that the payment shall be made by the consumer within 15 days (till 15.07.2017). While preparing the bill the division shall adjust the wrong billing and fictitious balances. The same shall be further adjusted in the commercial diary to show the actual receivable balances.
2. In case of non payment of dues by the consumers the Recovery Notices u/s 3 and later on u/s 5 shall be issued. This exercise was to be completed till 30 Sep 2017.
3. Further the cases which were declared non recoverable by the DM office were to be sent to Chief Engineer (till 31.12.17) for further necessary action.

During the review of records it was seen that there were 3426 cases pending against Permanent Disconnection as on April 2017 from the NB/SB cases out of which the Division finalised only 73 cases for PD during 2017-18. The remaining cases is not be finalised till date. Further the bifurcation of actual dues and fictitious dues as well as reconciliation of dues recoverable as shown in the NB/SB statement and the commercial Diary was pending on the part of the division.

Thus the division was not able to take the necessary steps in accordance with the working plan proposed by the HQ's office leading to un-reconciled balances and building up of recoverable balances which may actually not exist.

Reply to the para is still awaited, however the matter has been brought to the notice of higher authorities.

**Para 5: Avoidable penalty due to delay in releasing of New LT Connections, Enhancement and Reduction of Loads – ` 9.25 lakh.**

As per section 14 and 15 of UERC Regulation, 2013, regarding Release of New LT Connections, Enhancement and Reduction of Loads, if the concerned Distribution Division fails to release the LT Connection, Enhancement and Reduction of Loads in the stipulated period as fixed by the Commission, a penalty on the division will be imposed as per the norms laid down by UERC.

UERC LT Regulation, 2013 *inter alia* provides that “The licensee shall be under obligation to energize the connection through a correct meter within 30 days from the:

- a) Date of application if no defects or outstanding dues are found.
- b) Date of intimation of removal of defects or liquidation of outstanding dues or the date of”

As per the LT regulation, a penalty on the division will be imposed at the rate of ` 10 per day on per ₹ 1000 of the amount deposited by applicant subject to maximum of ` 1000 for each day of delay.

Scrutiny of records provided by the division revealed that during the period from April 2017 to March 2018, total 2557 application for New L.T. Connections were received out of which 2085 connection were released and 325 connections were rejected. Further, out of 2085 connections released during the period, division failed to release 39 connections during stipulated time period as determined by the UERC Regulation 2013 which may result in levy of penalty of ` 9.25 lakh payable to the UERC.

Had the New L.T. Connections released in the stipulated period, the penalty of ₹ 9.25 lakh could have been avoided.

Reply to the para is still awaited, however the matter has been brought to the notice of higher authorities.

**Para 6: Non recovery of additional Security amounting to ₹ 1.94 crore.**

As per Para 2.3.1 of UERC Regulations, 2007, security of the consumers should be assessed at the 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 months 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 giving a notice to the consumers within the 45 days. In case the additional security is not deposited within the stipulated period, the electricity supply of such consumers can be disconnected. . Amount of additional security deposited by the consumers may be utilized by the Company as working capital.

Scrutiny of billing files and other related records of the Key Consumer Cell (KCC) consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited which worked out to ₹ 1.94 crore from 282 consumers which is outstanding from May 2018. Thus, the consumers were required to be pursued to deposit the requisite additional security so that the amount of Additional Security could have been utilized by the Corporation as working capital. The additional security was yet to be deposited (July 2018) by the consumers. Non deposition of additional security by the consumers resulted in loss of revenue of ₹ 1.94 crore.

Reply to the para is still awaited, however the matter has been brought to the notice of higher authorities.



### **Part III**

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

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.	4/2003 to 3/2004	1 to 2	1 to 6	08
2.	4/2005 to 3/2006	1	1 to 6	07
3.	4/2006 to 3/2007	1	1 to 5	06
4.	4/2007 to 3/2008	1	1 to 4	05
5.	4/2008 to 3/2009	--	3,4 & 5	03
6.	4/2009 to 3/2011	--	4,5 & 6	03
7.	4/2011 to 3/2012	--	4	01
8.	4/2013 to 3/2014	--	4	01
9.	4/2014 to 3/2015	--	6	01
10.	04/2016 to 03/2017	01	1 & 5	03

Compliance report of unsettled paras of previous inspection report-

<b>Inspection report period and number</b>	<b>Para No. Audit observation</b>	<b>Compliance report</b>	<b>Comments of Audit Party</b>	<b>Remarks</b>
No replies to the previous outstanding para were furnished.				

## **Part IV**

### **Best practices of the unit**

NIL

## **Part V**

### **Acknowledgement**

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

#### **Though following 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:**

<b>Sr. no.</b>	<b>Name</b>	<b>Post</b>
(i)	Shri V.K. Singh (last audit to March 2018)	Executive Engineer
(ii)	Shri Harish Bisht (last audit to March 2018)	Accountant (W)

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 Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

**Sr. Audit Officer/ES-I**