

This inspection report has been prepared on the basis of information provided by Electricity Test Division, UPCL, Haridwar. 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 Test Division, UPCL, Haridwar 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's (DPC) Act, 1971 read with Section 143 of the Companies Act, 2013. The audit was conducted by Shri Ghanshyam Das Pal, AAO and Sh. Saurabh, Sr. Auditor under the supervision of Shri Roshan Lal Sharma, Sr. AO during the period from 12 November 2020 to 21 November 2020. The records of three sub-division SDOs of Electricity Test Lab (ETL) Urban Haridwar, Laksar and SIIDCUL under jurisdiction of EE, ETD, Haridwar division (UPCL) were also examined during compliance audit.

Part-I

1. **Introduction:** - The last audit of this division was carried out by Sh. Ghanshyam Das Pal, AAO and Sh. Ajay Bahuguna, AAO under the supervision of Shri Roshan Lal Sharma, Sr. AO in which accounting records of the period since inception to March 2018 were generally examined. In current audit, accounting records of the period from April 2018 to March 2020 were generally examined.

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

The main functions of division are to install, repair, and replace to test accuracy of the Electronic Meters. The jurisdiction of the division is Haridwar.

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

Electricity Test Division, Haridwar, Uttarakhand Power Corporation Ltd., was covered in this audit. This inspection report is based on findings of audit. Months October 2018 and February 2020 were selected for detailed examination and March 2019 and August 2019 were selected for checking of arithmetical accuracy.

(iii)

(in crore)

Year	Revenue	Expenditure	Profit
2018-19	-	4.69	-
2019-20	-	2.93	-

(To the extent this information is available & applicable)

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

The Electricity Test Division Haridwar is a division of UPCL which is officiated by the Executive Engineer.

Part II A

NIL

Part II-B

Para 1: Non replacement of defective meters.

UERC Electricity Supply Code Regulation, 2007 Rule 3.1.4 provides the following:

(1) If the meter is not recording/stuck as reported by the consumer, the Licensee shall check the meter within 30 days of receipt of complaint and if found stuck or identified as defective (IDF), the meter shall be replaced by the Licensee/consumer, as the case may be, within 15 days thereafter. (2) Where the Licensee observes that meter is not recording any consumption for the last one billing cycle or appears defective (ADF), he shall notify the consumer. Thereafter, the Licensee shall check the meter within 30 days and if the meter is found stuck/stopped, the meter shall be replaced within 7 days. (4) All new case of defective meters namely ADF, RDF or IDF, if any, shall necessarily be rectified within a maximum period of 3 months.

Scrutiny of relevant records of the division revealed that 11,124 number (May 2020) of meters of the consumers were IDF for a period ranging from one billing cycle to 95 billing cycles which is 5.17 *per cent* of total 2,14,988 consumers and more than the prescribed norms of two *per cent* of UERC. However, no efforts were being made to replace/repair these defective meters by the Test Division. Thus, due to non-repair/ replacement of defective meters, there is recurring loss of revenue and also violation of UERC's order. Hence, in order to avoid the recurring loss of revenue, there is urgent need to repair/replace all these defective meters.

Division in its reply stated that all efforts were being made by the division to minimize the percent of defective meters and admissible norms of UERC i.e., two *per cent*. At present, the division achieved 4.39 *per cent*. The reply of the division is not convincing, as despite the efforts made by division, the percentage of defective meters was above the norms. Further, as on date 11,124 number of defective meters were pending for replacement.

The matter is brought to the notice of higher authorities.

Para 2: Non deduction of Liquidated Damages (Penalty) to the contractor.

(A) Electricity Distribution Circle, Haridwar awarded (10 July 2019) agreement on Turnkey basis to M/s Mittal Machines Pvt. Ltd., Dehradun under the supervision of EE, ETD Haridwar for supply and installation of Smartsense transformer Meter Unit (TMU) with a total quantity of 127 units for Metering at DTR at a cost of ` 63,11,900.00 as per following terms and conditions:

1. As per clause no-4 of the agreement, the completion period of the contract would be 180 days from the date of signing of agreement/LoI or issue of last material from UPCL Store whichever is later, i.e., .09 January 2020
2. As per clause no-8 of the agreement, a penalty of $\frac{1}{2}$ per cent per week subject to maximum of 10 per cent of the contract value of the complete scope of work, if the contractor failed to supply within stipulated period.

During the scrutiny of records, audit observed that more than 10 months have been elapsed from the scheduled date of completion of the work but the contractor has not completed the work till date nor the division has deducted penalty amounting to ` 6.31 lakh.

Division in its reply stated that the main reason for delay was non-availability of material by the store division and shutdown in time. Further, division also retained some amount from contractor's bill. Division further stated that if division notices any delay on the part of contractor, then a penalty would be deducted from the contractor's bills. Reply of the division is not convincing as more than 10 months has elapsed from the scheduled date of completion of work. Due to non-deduction of penalty from the contractor's bill, division has suffered a loss of ` 6.31 lakh.

(B) Electricity Distribution Circle, Haridwar awarded (08 March 2019) agreement on Turnkey basis to M/s Namdev & Sons, Haridwar under the supervision of EE, ETD Haridwar for rectification defects (replacement of meter/modem/sim, etc) and making metering proper on distribution transformer at a cost of ` 13.60 lakh as per following terms and conditions:

1. As per clause no-4 of the agreement, the completion period of the contract would be 180 days from the date of signing of agreement/LoI, whichever is earlier i.e., 07 September 2019
2. As per clause no-8 of the agreement, a penalty of $\frac{1}{2}$ per cent per week subject to maximum of 10 per cent of the contract value of the complete scope of work, if the contractor failed to supply within stipulated period.

3. As per clause no-10 of the agreement, the successful tenderer would have to deposit 10 *per cent* security of the contract value before or at the time of agreement.

During the scrutiny of records, audit observed that more than 14 months have been elapsed but the contractor has not completed the work till date. Further, neither the contractor has deposited 10 *per cent* performance security nor the division has deducted penalty amounting to ` 1.36 lakh. Due to non-deduction of penalty, division suffered a loss of ` 1.36 lakh.

Division in its reply stated that the contractor (M/s Mittal Machines Pvt. Ltd., Dehradun) has completed maximum work but the contractor has not forwarded bill to division for payment, also, if division notices any delay in work done by the contractor then penalty would be deducted from the contractor's bill when forwarded to division for payment.

Reply of the division is not convincing as more than 14 months has been elapsed from the scheduled date of completion of work. Further, the division has not produced any documentary proof/evidence regarding start of work. The same may be watched in next audit.

The matter is brought to the notice of higher authorities.

Para 3 – In-ordinate delay in execution of work.

For replacement of Three Phase IDF Meter and Damaged/Burnt/Old LT Meters with Three Phase Sampurna Meters under ETD Haridwar, EE, ETD Haridwar had awarded two contracts to M/s Namdev & Sons, Haridwar on 06 & 07 March 2019. The contracted values of the agreements were ` 4.05 lakh & ` 2.24 lakh respectively. The dates of completion of the agreements were 30 days and 60 days from the date of agreement/LoI whichever is earlier. The terms and conditions of both the agreements are as under:

1. As per clause-6 of both the agreements, penalty would be imposed on incomplete work beyond stipulated time @ 0.5 *per cent* per week subject to maximum of 10 *per cent* on the value of work.
2. As per clause-11 of both the agreements, the successful tenderer would have to deposit security @ 10 *per cent* of the value of contract towards faithful execution of supply and for guarantee of good quality.

During scrutiny of records, it was noticed that more than 18 months have been elapsed from scheduled date of completion of work but the contractor has not started the work till date. Also, neither the division had taken security deposit at the rate of 10 *per cent* of the contract value from the contractor nor terminated the contract.

Division in its reply stated that a letter has been issued to the contractor to complete the work within one month and necessary instructions has issued to Assistant Engineer to get the work completed at the earliest.

Reply of the division is not convincing as more than 14 months has elapsed from the scheduled date of completion of work and the contractor has not started the work. As on date, the division had not deposited security amounting to ` 0.63 lakh (` 0.41 lakh + ` 0.22 lakh), i.e., 10 *per cent* of the contract value from the contractor pending at the time of award of work. Also, the division neither issued any notices against the contractor nor terminated the contract. The same may be watched in next audit.

The matter is brought to the notice of higher authorities.

Para-4: Blockage of ` 3.53 lakh due to non-replacement of meter under Guarantee Period.

Division performs the work of replacement of defective meters from the premises of the consumers. During scrutiny of records, audit noticed that during the period April 2018 to March 2020, division had received total 4112 Single Phase and 291 Three Phase defective meters which was Under Guarantee Period (UGP), however division had sent only 3792 single phase and 261 three phase defective meter to the supplier for repair/ replacement and 320 single phase and 30 three phase defective meters are lying with division for repair/replacement to the supplier till date which may cause financial loss to UPCL. Since guarantee period of any meter is for a certain period, therefore, such material should be returned promptly to the supplier, so that the new meter can be received before lapse of the guarantee period.

Due to non-replacement/repair of defective meter which are under guarantee period, and keeping such meter with the division, the division may suffer a loss of ` 3.53 lakh, which is illustrated in the table below:

Name of ETL/Sub division	Type of meter	No. of Meter got defective UGP	No. of Meter sent to the supplier for repair/replacement	No. of UGP Meter not sent to the supplier for repair/replacement	Cost of per Meter (₹)	Loss to the Division (cost of one meter*No. of UGP meter not sent to supplier (in `))
URBAN Haridwar	Single phase (5-30 A)	1423	1220	203	751	152453
	Single phase (10-60A)	185	136	49	819	40131
	Three phase	187	186	01	2025	2025
Laksar	Single phase (5-30 A)	1297	1280	17	751	12767
	Single phase (10-60A)	173	173	0	-	-
	Three phase(10-60A)	73	73	0	-	-
	33 KV ABT Meter	01	0	01	47017	47017
SIDCUL	Single Phase	1034	983	51	819	41769
	Three Phase	103	75	28	2025	56700
Total	Single Phase	4112	3792	320	Total	352862
	Three Phase	291	261	30	Amount	

Division in its reply stated that out of 350 UGP defective meters, 119 UGP defective meters have been sent to supplier and the remaining 231 UGP defective meters would be sent as soon as possible. Reply of the division is not convincing as 231 UGP defective meters were still pending to be sent to supplier till date.

The matter is bought to the notice of higher authorities.

Part III

Details of unsettled paras of previous inspection reports: -

Sl. No.	Period	Part II-A	Part II-B
1.	Since inception to 03/2018	-	1,2,3,4

C

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
For furnishing of reply of the outstanding paras of old Inspection Report, Audit Memo number 53 book number 1055 was issued to the Division. The division stated that preparation of replies of these outstanding paras is underway and the same will be forwarded to audit at the earliest.				

Part IV

Best practices of the Division

No good practices or innovation noticed during the course of audit

Part V

Acknowledgement

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

2. **Documents were not produced during audit:**

-----NIL-----

3. **Persistent irregularities.**

-----NIL-----

4. **The following officers held the charge of head of the division during the**

audit period:

Sl. No.	Name	Post	Period
1.	Sh. Ravi Kumar	Executive Engineer	04.01.2018 to 03.02.2020
2.	Sh. Anoop Kumar	Executive Engineer	04.02.2020 to till date
3.	Sh. Hamant Malik	DA	13.09.2016 to 12.09.2019
4.	Smt. Sarika Dhiman	DA	12.09.2019 to till date

The Compliance Report on the AIR may be sent to Deputy Accountant General/AMG-II (PSU), 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)