

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Srinagar. The office of the 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, Srinagar for the period April 2015 to March 2016 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 619(3)(b) of the Companies Act 1956 & section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Amit Kumar AAO, Shri Khub Chand, AAO and Shri R.L. Sharma, AAO under the supervision of Shri B.C. Suyal, Sr. AO during the period from 01.09.2016 to 08.09.2016.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Amit Kumar AAO, Shri Khub Chand, AAO and Shri R.L. Sharma, AAO for the period April 2013 to March 2014 under the supervision of Shri B.C. Suyal, Sr. AO in which accounting records of the period from April 2014 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2016.were generally examined.
2. (i). **Functions and geographical jurisdiction of the unit:**
The function of the Electricity Distribution Division, Srinagar is to distribute electricity to the Srinagar and keep as well as expand the electricity distribution system and the geographical jurisdiction of the division is Srinagar, Kirtinagar and Devpryag
(ii) **Auditing methodology and scope of audit:**
Electricity Distribution Division, Srinagar 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, 2016 month was selected for detailed examination.

(iii)

Year	Revenue	Expenditure	Profit
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(To the extent this information is available & applicable)

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

The Electricity Distribution Division Srinagar is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part II (A)

Para 1:- Blockade of funds due to excess damage of Transformers – ` 133.75 lakh.

Distribution transformers are vital equipments for supply of power to consumers and also play vital role in stepping up the voltage of current to the consumers. The age of distribution transformers is estimated to be 25 years, provided that proper maintenance and protection of the device is available.

Uttarakhand Power Corporation Limited (UPCL) had issued guidelines that the damage of transformers should not exceed 3.0 percent of the transformers installed. During scrutiny of relevant records, it was noticed that during April 2015 to March 2016, the damage rate of transformers was on higher side than the norms fixed by the UPCL as detailed below:

(April 2015 to March 2016)

Sl. No.	Capacity of T/F	No. of T/F installed against each capacity	No. of T/F damaged		No. of T/F allowed as per norms (i.e. 3%)	No. of T/F exceed the damage limit	Issue rate of T/F	Blockage of fund due to excess damage of T/F
	(in KVA)		No.	% damage				
1	25	695	71	10.22	21	50	55,000	27,50,000
2	63	186	15	8.06	6	9	1,01,100	9,09,900
3	250	40	4	10.00	1	3	4,42,000	13,26,000
4	400	30	3	10.00	1	2	6,16,300	12,32,600
	Total	951	93		29	64		62,18,500

Above revealed that against the prescribed norms of 3per cent, actual damage rate ranged between 8.06 per cent to 10.22 per cent which were comparatively on higher side. 68 transformers were damaged due to internal fault and 25 damaged due to lightning. It was also seen that damaged transformers (total 137 transformers) were lying with the division and are yet to be sent to the Store Division to get repaired. Out of these 137 transformers, 30 transformers were damaged prior to April 2015. In this regard, the Division had intimated to the HQ, UPCL, Dehradun mentioning that store division is not taking back damaged transformers since 2014 resulting in the transformers lying at road side, however, store division is yet to take back aforesaid damaged transformers.

The damage of transformers in excess of the prescribed norms (₹ 62.18 lakh) and non taking back of the transformers (₹ 71.57 lakh) by the division has resulted in blockade of funds of ₹ 133.75 lakh.

Management in its reply stated that the transformers are in hilly areas where conditions are grim to manage. However the division is trying its best to keep the damage within norms fixed by the Corporation.

The reply of the management is not acceptable as the fact remains that the damage rate of the transformers is higher than the damage norms fixed by the Corporation and the 30 transformers are lying at road side.

Part II (B)

Para 1: Non realization of additional security of ` 238.03 lakh.

As per UPSEB order No. 617-CUB/S-8 dated 7.3.1994 and adopted by the UPCL the security of the consumer should be re-assessed in each financial year and the security should be equal to average of two months bill. In case, security re-assessed exceeds the initial security, security so worked out would be demanded by giving notice of 45 days to the consumers. In case the additional security is not deposited within the stipulated period by the consumer, the electricity supply of the consumer can be disconnected.

During test check of the bills relating to large & heavy consumers, it was noticed that the average of two months bills of the consumers exceeded the initial security deposited by ` 238.03 lakh and accordingly additional security of ` 238.03lakh was demanded by the Division from the consumers. However, additional security was yet to be deposited (September2016) by the consumers.

The additional security deposited by the consumers may be utilized by the Corporation as its working capital. Non deposition of additional security by the consumers resulted in blocking of funds of ` 238.03 lakh. It was observed that the Division did not issue any reminder to the defaulting consumers to deposit the additional security. Thus the consumers were not pursued to deposit the requisite additional security.

Management in its reply stated that additional security from the all non government consumers has been recovered but the same remains unrecovered from the government consumers and correspondence in this regard with government consumers is being done regularly.

The reply of the Management is not acceptable as additional security of ` 238.03 lakh is yet to be recovered.

Para 2– Non issuance of Recovery Notice u/s -5 amounting to ` 61.07 lakh.

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 u/s 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) U/S-5 of UP Electricity dues and recovery Act 1958 would be issued through concerned Distt. Authority. All such action for recovery of dues should be completed within six months. As per records as on March 2016 an amount of ` 436.68 lakh was recoverable from non-government consumers. As on 31 March 2015, 152 notices (` 57.46 lakh). issued u/s -3 were pending for recovery. During April 2015 to September 2015, the division further issued 94 notices (` 6.99lakh). Thus, the division had issued recovery notices to 246 consumers' u/s 3 for recovery of ` 64.45lakh (up to 09/2015). In response, 33 consumers deposited the dues of ` 2.92 lakh up to March 2016 . However, the balance 213 consumers did not deposit the dues of ` 61.07 lakh. As per prescribed procedure, notice u/s -5 should have been issued to all 213 consumers but pending to be issued till date (August 2016). Non issuance of recovery certificate u/s 5 shows lack of proper pursuance of recovery of dues.

Non issuance of notice u/s-5 has resulted in blocking of funds of ` 61.07 lakh.

Management in its reply stated that due to heavy increase in consumers, the NB/SB cases are increasing. However, division is trying its best to issue sec 3 and sec 5 notices.

The reply of the division is not acceptable as non issuance of notice u/s-5 has resulted in blocking of fund.

Para 3: Heavy recurring loss of revenue due to non-repair /replacement of Defective meters.

Para 4 regarding general conditions for billing of defective meters in the Rate Schedule, effective from April 2006 provided that in case of defective meters the energy consumption in such cases would be assessed and billed at an average consumption of immediately preceding past three billing cycles when the meter was in order. This charge shall be levied till the meter is repaired /replaced/ starts giving correct reading. All defective meters were to be repaired/ replaced by 1st October 2006; thereafter no IDF case should remain for more than one billing cycle. Further, Circular No. 2376- UPAKALI/COM/E-1 Dated 12.2.2004 of Rate Schedule of Uttaranchal Power Corporation limited, effective from 20.09.2003 *interalia* provided that all the defective meters of the consumers should be replaced within 3 months failing which concerned Executive Engineer (Test) and concerned SDO (Distribution Division) shall be held responsible equally.

During test check of billing files of the consumers and other relevant records of EDD, Srinagar, it was noticed that in March 2015, 2601(6.47%) meters were defective and due for replacement which increased to 3233 (7.77%) in March 2016 as detailed below.

No of meters	No of connection (Domestic and Commercial)	CDF	IDF	NA	NR	RDF	Total
Apr-15	40212	3	1523	845	12	218	2601
Mar-16	41622	9	2008	928	14	274	3233

As per UERC norms defective meters should not exceed more than 2 percent. Thus due to non repairing of these defective meters, division has been suffering heavy recurring loss of revenue as electric energy may be misused/ over extracted by such consumers. Higher line loss due to defective meters cannot be ruled out.

Management in its reply stated that repair and replacement of the meter is subject to test division. However, division will apply all measures to solve the hindrance in defective meters.

The matter is brought to the notice of the management.

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:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	04/1992 to 03/1993	-	3, 4 & 5	3
2.	04/2000 to 03/2001	1	-	1
3.	04/2004 to 03/2005	1,2 & 3	1 & 2	5
4.	04/2005 to 03/2006	1	1,2,3,4, & 5	6
5.	04/2006 to 09/2007	-	1,2,3,4,5, 6 & 7	7
6.	10/2007 to 03/2009	1 & 2	1 & 2	4
7.	04/2009 to 09/2010	-	1,2,3,4,5, 6 & 7	7
8.	10/2010 to 09/2011	1	1,2,3,4, & 5	6
9.	10/2011 to 08/2012	1 & 2	3	3
10.	09/2012 to 03/2013	1 & 2	1,2,3,4,5 & 6	8
11.	04/2013 to 03/2014	1, 2 & 3	1 & 2	5
12.	04/2014 to 03/2015	-	1 to 5	5

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
04/2014 to 03/2015	Part II B 1 to 5	Submitted	Enclosed	

Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Utrakhand, Dehradun expresses gratitude towards Electricity Distribution Division, Srinagar 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:**

Sr. no.	Name	Post
(i)	Shri S.K. Shehgal	Executive Engineer.
(ii)		

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. AO