

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Roorkee (Rural). 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, Roorkee (Rural) for the period April 2019 to March 2020 was carried out in exercise of the power conferred by section 19 of the CAG's, (DPC) Act, 1971 read with section 143 of the Companies Act, 2013. Audit Inspection was conducted by Shri A. P. Singh, AAO under the supervision of Shri Vikas Dhyani, Sr. AO during the period from 11 January 2021 to 19 January 2021.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri A. P. Singh, AAO and Shri Vikas Dhyani, AAO under the partial supervision of Shri Mukesh Kumar, Sr. AO in which accounting records of the period from April 2018 to March 2019 were generally examined. In current audit, accounting records of the period from April 2019 to March 2020 were generally examined.

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

The function of the Electricity Distribution Division, Roorkee (Rural) is to distribute electricity to all over area of Rural area of Roorkee town and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within the Rural area of Roorkee town in Haridwar district.

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

Electricity Distribution Division, Rural area of Roorkee town in Haridwar district 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 September 2019 was selected for detailed examination and May 2019 was selected for Arithmetical Accuracy.

(iii)

(₹ In crore)

Year	Revenue	Expenditure	Profit
2019-20	294.03	14.04	--

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

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

Part-II-A

Para 1: Avoidable expenditure due to delay in providing services to consumers

As per Uttarakhand Right to Service Act, Citizen Charter and SoPs, UPCL had to provide various services to the consumers regarding Power Supply, Metering related, transfer of consumer connection & conversion of service, disconnection/ reconnection of supply etc. within the stipulated timeline prescribed for each service failing which attracts the penalty on hourly/ daily basis. The details of delay in providing these services and compensation payable thereon with respect to Power Supply Failure, Metering related Transfer of consumer connection & conversion of services and Disconnection/ Reconnection of supply are given below:

Table 1

Type of Service- Power supply failure				
Year	No. of cases of delay	Prescribed time to resolve (in hr)	Range of Delay (in hr)	Compensation Payable (in ₹)
2019-20	216	48/12/6/4	01 to 160	42,455
Total	216	--	--	42,455

From table 1, it is evident that there was a delay in 216 cases in resolving the power supply within the prescribed time (48hrs. /12 hrs./06 hrs/04 hrs) during the period April 2019 to March 2020 which attracts the penalty/compensation payable up to ₹ 42455. The delay ranged from 01 hr to 160 hrs beyond the prescribed time.

Table 2

Type of Service- Metering related				
Year	No. of cases of delay	Prescribed time to resolve (in days)	Range of Delay (in days)	Compensation Payable (in ₹)
2019-20	851	03/ 30/ 45	01 to 552	27,02,000
Total	851	--	--	27,02,000

From table 2, it was further observed that there was a delay in 851 cases in resolving the issues of metering related within the prescribed time (03 days/30 days/45 days) during the period April 2019 to March 2020 which attracts the penalty/ compensation payable up to ₹ 27,02,000. The delay ranged from 01 day to 552 days beyond the prescribed time.

Table 3

Type of Service- Disconnection/ Reconnection of supply				
Year	No. of cases of delay	Prescribed time to resolve (in days)	Range of Delay (in days)	Compensation Payable (in ₹)
2019-20	263	05	01 to 2079	43,31,150
Total	1090	--	--	43,31,150

It is also noticed from table 3 that there was delay in 263 cases in resolving the issues related to “disconnection/ Reconnection of supply” within the prescribed time (05 days) during the period

April 2019 to March 2020 which attracts the penalty/ compensation payable up to ₹ 43,31,150. The delay ranged from 01 day to 2079 days beyond the prescribed time. Thus, delay in providing these services to the consumers resulted in avoidable loss to the division in the form of penalty/compensation payable up to ₹ 70,75,605 (₹ 42455 + ₹ 27,02,000 + ₹ 43,31,150) but inconvenience to the consumers also.

Division in its reply stated that the areas covered under the divisions is completely rural and theft prone. Villagers always create problem by hooking in the line that causes fault. The transformer gets damaged due to overload of unauthorized connections. Besides, overload vehicles also damage the pole. Division is making efforts to reduce such cases. Metering related issues comes under the jurisdiction of test division so without support of test division the issues cannot be resolved in time. Regarding disconnection/ reconnection of supply, division further stated that issues have been resolved in time but could not get recorded in the system on time.

The reply of division is not convincing as the fact remains that there was delay in providing the services on time and division is liable to pay penalty of ₹ 70.76 lakh.

Para 2: Undue benefit to consumer

Division issued (March 2010) a connection to a large and heavy consumer namely M/s Gayatri Iron & Steels (Industrial Consumer) with a contracted load of 9000 kVA. During scrutiny of records, it was seen that the consumer has not been regular in paying its electricity dues in time since June 2019.

As the consumer was not paying its dues, the electricity dues was piled up from ₹2.02 crore in June 2019 to ₹ 4.96 crore in May 2020. UPCL decided (May 2020) to facilitate the defaulting consumer with the option of depositing its outstanding dues in 11 monthly instalments of equal amounts alongwith late payment surcharge payable with each instalment. Consumer will also liable to pay monthly electricity bills in addition to the payment of the instalment. The consumer defaulted in payment of instalments. As the consumer defaulted, the action should have been taken against him which was not done. The instances of dishonouring of cheques were also noticed (March 2019- ₹ 56.18 lakh & May 2019- ₹ 1.00 crore). The outstanding dues accumulated to ₹ 5.42 crore as on December 2020. The connection of the consumer was never disconnected during the period of default. Had UPCL taken stipulated action well in time, the chances of recovery of dues could have been better.

Division stated in its reply that presently the consumer is paying his current bill and only two installments amounting to ₹ 45,67,112 have been left which is due upto 03/2021. The reply is not convincing as the connection of the consumer was never disconnected during the period of default. The progress of the recovery would be watched in next audit.

Sr. AO/ AMG-II (PSUs)

Part-II-B

Para 1: Loss due to theft of transformers

Distribution transformers are vital equipment's 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.

During scrutiny of the records, instances of theft of six transformers of different categories were noticed during 2019-20 as detailed below:

(In ₹)

Sl. No.	Capacity of transformer (in kVA)	Date of Theft	Loss due to theft
1.	250	27-28.06.2019	370588
2.	250	03-04.06.2020	370588
3.	63	08.05.2019	105097
4.	250	02-03.05.2019	473113
5.	250	08-09.07.2019	370113
6.	500	11-12.06.2019	756227
Total			24,45,726

It is evident from above that theft of transformers not only led to loss to the company to the tune of ₹ 24.46 lakh but also resulted in disruption in continuous power supply to the affected area. This shows that the arrangements for protection of the transformers made by the division are very poor.

Division in its reply stated that the areas covered under the divisions is completely rural and theft prone. We are making constant effort to educate the villagers to be vigilant against the thieves. Further the number of such cases are very less as compared to the number of installed transformers. The reply of the division is not convincing as theft of transformers not only lead to loss to UPCL to the tune of ₹ 24.46 lakh but resulted in disruption in continuous power supply to the affected area.

Para 2: Irregularities in agreements

As per point no. 8.2 of Uttarakhand Power Corporation Limited (UPCL) letter dated 04.04.2013, in emergency conditions like storm, earthquake, heavy snowfall, land slide and other natural calamities, it is not possible to execute work of break down by tenders/ quotations. In such conditions, work can be executed by giving work orders on limited quotation basis with approval of higher authorities. The approval of hierarchy of higher authorities depends on the amount of work to be executed. For the works involving expenditure amount in excess of ₹ 2.00 lakh approval of Managing Director should be accorded.

Uttarakhand Procurement Rules, 2008 point no. 39 states that work order can be drawn upto an amount of ₹ 1.00 lakh in each case by the competent authority based on quotations from atleast three registered contractors. Award of work without call of tender/ through work order shall be resorted to only in emergent conditions and suitable reasons should be recorded.

During scrutiny of agreement register for the period 2019-20, it was noticed that 94 numbers of agreements were entered into by division with different contractors, out of which 74 agreements were entered into under the head of deviya apda. Almost all the agreements were entered into by division after the lapse of 3 to 4 months from the date of occurrence of deviya apda and the work was executed by contractors only after entering into the agreements. For instance, deviya apda (Storm and rain) occurred on 08.02.2019 due to which interruption in power supply occurred in 33/11 KV substation, Manglore. Financial and Administrative approval for the same was given by Director (Operation) on 21.02.2019 of amount of ₹ 3.02 lakh. The agreement for executing the said work was entered into by division on 22.07.2019. As per measurement book the work was started by contractor on 20.08.2019 and was completed on 20.09.2019.

In above case, the work was completed after the lapse of 8 months from the date of deviya apda. It is evident from this case that the nature of emergency work loses its importance and emergent nature as the work was completed after lapse of 8 months.

Division in its reply stated that exposé facto approval had been obtained from higher authorities. The work has to be done on priority basis, through alternative arrangement of material from store on loan basis, so that deviya apda was executed through limited quotation basis. Measurement is done by JE in Measurement book after preparation of agreement. The reply of the division is not convincing as reasons for awarding more than 75 percent of total number works under Deviya

Apda during 2019-20 was not furnished by the division. Hence, chances of awarding normal O&M work under Deviya Apda cannot be ruled out. Also, measurement of work in measurement book should be taken on the day of completion of the work. Moreover if division had done the work earlier with alternative arrangements and agreement for the same work was done afterwards after completion of work then there was no use of entering into the agreement for the said work and there is no proof which can justify the expenditure incurred before entering into agreement.

The matter is brought to the notice to higher authorities.

Para 3: Undue benefit to consumer

- a) Division issued (July 2013) a connection to an industrial consumer namely M/s Mirc Electronics Limited with a contracted load of 600 kVA. During scrutiny of records, it was seen that the consumer has not been regular in paying its electricity dues in time since October 2018. As the consumer was not paying its dues, the electricity dues was piled up from ₹ 2.10 crore in October 2018 to ₹ 3.70 crore in December 2020. As the consumer defaulted, the action should have been taken against him which was not done. The connection of the consumer was never disconnected during the period of default.
- b) Division issued (February 2006) a connection to an industrial consumer namely M/s UP Bones Mills (P) Limited with a contracted load of 7000 kVA. During scrutiny of records, it was seen that the consumer has not been regular in paying its electricity dues in time since December 2019. As the consumer was not paying its dues, the electricity dues was piled up from ₹ 1.46 crore in December 2019 to ₹ 2.67 crore in December 2020. The instances of dishonouring of cheques was also noticed (April 2020- ₹ 58.03 lakh). As the consumer defaulted, the action should have been taken against him which was not done. The connection of the consumer was never disconnected during the period of default.

Had UPCL taken stipulated action well in time, the chances of recovery of dues could have been better.

The division stated in its reply that ₹ 3.70 crore receivable from Mirc Electronics Limited is subjudice and consumer is paying current bills regularly. Further, in respect of UP Bone Limited, presently the consumer is paying his current bill and only one installment amounting to ₹ 1,35,388 have been left which is due upto 01/2021. The reply is not convincing as the connection of the consumer was never disconnected during the period of default. The progress of the recovery would be watched in next audit.

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.	4/2010 to 9/2011	1	3, 4
2.	10/2011 to 3/2013	-	1 to 7
3.	4/2013 to 3/2014	1, 2	1 to 5
4.	4/2014 to 3/2015	-	1 to 5
5.	4/2015 to 3/2016	1	1 to 4
6.	4/2016 to 3/2017	1 to 5	1 to 6
7.	4/2017 to 3/2018	1, 2	1 to 4
8.	4/2018 to 03/2019	1 to 3	1 to 5

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. 25 was issued to the Company. In turn, reply of the division is not received.

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, Roorkee (Rural) 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 Ashutosh Tiwari (since last audit to November 2020)	Executive Engineer
(ii)	Amit Anand (November 2020 to till date)	Executive Engineer

Reply to Audit Inspection Report may be sent to DAG (AMG-II) O/o the PAG (Audit) Uttarakhand Dehradun within one month of receipt of the letter.

Sr. AO/ AMG-II (PSUs)