

This Inspection Report has been prepared on the basis of information provided by the office of the Superintending Engineer, Electricity Distribution Circle, 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 Superintending Engineer, Electricity Distribution Circle, UPCL, Haridwar for the period April 2018 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 Companies Act, 2013. Audit Inspection was conducted by Shri Saurabh, Sr. Auditor, Sh. Rituraj Mohan Singh, AAO and Sh. Ghanshyam Das Pal, AAO under the supervision of Shri R.L. Sharma, Sr. AO during the period from 19 January 2021 to 25 January 2021.

### **Part-I**

- 1 **Introduction:** - The last audit of this unit was carried out by Shri Seeti Ram Meena, Auditor and Sh. Ghanshyam Das Pal, AAO under the supervision of Shri R.L. Sharma, AO in which accounting records of the period April 2015 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 Circle.**  
The main functions of the Circle are to control over /monitoring of the Distribution Divisions i.e. EDD (Rural) Haridwar, EDD (Urban) Haridwar, EDD Laksar, EDD Jwalapur and ETD Haridwar under the jurisdiction of it 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 finalization of contracts/agreements for execution by these divisions.
  
- 3 Geographical Jurisdiction of the Circle is Haridwar & Laksar.

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

Office of the Superintending Engineer, Electricity Distribution Circle, Uttarakhand Power Corporation Ltd., Haridwar 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 two years.**

No DDO power exists within the scope of the Circle. Hence, there is no revenue generation.

**Part-II-A**

**--Nil--**

## Part-II-B

### Para 1: Increase in arrears against Non Government/ Government consumers.

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 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 of EDC Haridwar revealed that as on March 2020, huge arrear amounting to ₹ 376.15 crore were pending for realization from the Non-Government and Government categories consumer as detailed below:

(₹ in crore)

Sl. No.	Particulars	Arrear (2018-19)	Arrear (2019-20)	Arrear Increase
1	Non-Government	236.37	332.62	96.25
2	Government	14.66	43.53	28.87
<b>Total</b>		<b>251.03</b>	<b>376.15</b>	<b>125.12</b>

It was noticed that electricity dues which were ₹236.37 crore from Non-Government consumers as on March 2019 increased to ₹332.62 crore in March 2020. It revealed that during the 2019-20 the outstanding dues increased by ₹96.25 crore (28.94 per cent). Further, it was also observed that the electricity dues which were ₹14.66 crore from Government consumers as on March 2019 increased to ₹43.53 crore in March 2020. Thus, during the 2019-20 the outstanding dues increased by ₹28.87 crore (63.41 per cent).

Pendency of huge arrears against Government/Non-Government consumers revealed that the recovery of the dues was not pursued vigorously. If the circle does not make serious efforts in accordance with section 3 and 5 of Commercial and Revenue Manual to realize the outstanding dues, the arrears will keep mounting.

Circle accepted the audit observation and stated that the necessary instructions have been issued to divisions to realise the electricity dues from the domestic consumers by taking action as provided in the commercial and revenue manual. They are also being instructed to

finalize the PD expeditiously in order to determine the correct amount of electricity dues against the consumers.

The reply of the Circle is not acceptable as the fact remains that a huge amount was still pending for recovery from the consumers but action as provided in the above referred Act was not taken by the divisions against the defaulter consumers and Circle has not yet issued any instruction in this regard to the divisions.

Hence is brought to the notice of higher authority.

**Para2: Excess damage of Transformers against the norms fixed by Corporation.**

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 consumer. The age of distribution transformers is estimated to be 25 years provided that proper maintenance and protection of the device is available.

As per norms fixed by the Uttarakhand Power Corporation Limited (UPCL), the damage should not exceed *three per cent* of the transformers installed. During scrutiny of relevant records of the Circle, it was noticed that the damage rate of transformers was on higher side as compared to the norms fixed by UPCL during the financial year 2018-19 and 2019-20 as detailed below:

**(2018-19)**

Sl. No	Capacity of T/F (in KVA)	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 exceeded the damage limit
1.	16	34	02	5.88%	01	01
2.	25	3668	393	10.71%	110	283
3.	63	1028	95	9.24%	31	64
4.	100	1609	122	7.58%	48	74
5.	160	28	01	3.57%	01	-
6.	250	366	50	13.66%	11	39
7.	400	269	23	8.55%	08	15
8.	1000/1250	20	01	5.00%	01	-

**(2019-20)**

Sl. No.	Capacity of T/F (in KVA)	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
1.	16	34	10	29.41%	01	09
2.	25	4045	376	9.30%	121	255
3.	63	1079	79	7.32%	32	47
4.	100	1664	129	7.75%	50	79
5.	160	28	01	3.57%	01	-
6.	250	366	49	13.39%	11	38
7.	400	273	23	8.42%	08	15
8.	800	04	01	25.00%	0	01

It can be seen from the tables that against the prescribed norms of 3 *percent*, actual rate of damaged transformers was ranged between 3.57*percent* to 13.66*percent* in 2018-19 and 3.57*percent* to 25*percent* in 2019-20 which were much higher to the norms fixed by UPCL. Thus inability of the Circle to keep the damage rate of transformers under prescribed norms, resulted in excess damage of transformers.

Circle in its reply stated that the necessary instructions have been issued to all the distribution divisions to minimise the damage rate of transformers, to balance the load and also to install proper protective equipments like lightning arrestor, etc to save transformers from damage.

The reply of the Circle is not tenable as the fact remains that the damage rate of transformers exceeded significantly than the norms fixed by the UPCL i.e., 3.0 *per cent* of the transformers installed. Further, Circle has not produced any letter of instructions issued to all divisions within its jurisdiction to support its reply.

Matter is brought to the notice of higher authority.

### Para 3 :Avoidable loss of energy in distribution.

The main function of distribution division is to receive the energy and distribute it among the consumers in such a way that loss of energy in distribution (line losses) should not exceed the norms fixed by the Uttarakhand Electricity Regulatory Commission (UERC). The UERC had fixed a norm of 14.25 *per cent* in 2019-20 of energy received for the year 2019-20. To achieve the norms, UERC had also identified some causes due to which there is loss of energy in distribution and suggested remedial measures to reduce distribution losses as detailed below:-

#### Causes for transmission losses-

- (i) Un-authorized extraction of electricity;
- (ii) Defective metering system;
- (iii) Wrong estimation of consumed energy;
- (iv) Non-rectification of defective meters;

#### Measures:-

- (i) Installation of Electronic Meters to control theft;
- (ii) Regular checking of unauthorized extraction of electricity;
- (iii) Rectification of defective meters;

During test check of relevant records of the circle, it was observed that for the year 2019-20 T&D losses of EDD Laksar & EDD Jwalapur 21.10*percent*& 20.20 *percent* in 2019-20 against the admissible norms of 14.25 *per cent* in 2019-20 fixed by the UERC. Resultantly, division suffered a loss of ₹ 14.68 crore upto 2019-20 as detailed below:

Sr. No.	Particulars	Energy in Million Units
		4/2019 to 03/2020
1	Energy received during the period	1,024.368 M.U
2	Sale of Energy	813.173M.U
3	Loss of Energy (1-2)	(20.62 <i>percent</i> ) 211.195 M.U
4	Permissible Loss (14.25 <i>percent</i> ) in 2019-20 as per norms fixed by UERC	145.972 M.U
5	Avoidable loss of energy in distribution (3-4)	65.223 M.U
	Cost of avoidable loss of energy in 2019-20= 65.223X 10,00,000 X 2.25 = ₹14,67,51,750 ~ say, ₹14.68 crore	

It is evident from the above table that the Circle failed to control the loss of energy within the prescribed norms fixed by UERC. Circle being the administrative head of the four distribution divisions had not taken any serious efforts to reduce the line loss in EDD Laksar (21.10 *per cent*) and EDD Jwalapur (20.20 *per cent*) which were on the higher side than the norms fixed by UERC i.e. 14.25 *per cent*.

Circle in its reply stated that the divisions are instructed to minimize the line loss through vigilance checking, remove defective meters/mechanical meters, laying of ABC cable in theft prone areas, etc.

Reply of the Circle is not acceptable as the fact remains that if Circle had taken the steps suggested by UERC for reduction of line losses, the financial condition of the divisions could have been better.

Matter is brought to the notice of the higher Authorities.



**Para 4: Avoidable expenditure of ₹45.55lakh due to delay in release of new connections.**

Uttarakhand Standard of Performance regulation 2007 and Right to service act provided that the UPCL should adhere to the standards of performance (SOPs) for timely release of new connections, recovery of new connection charges and metering etc. 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 application whichever is later.

“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”. Also, the right to service act prescribes the time limit for release of new connection as 15 days, where extension of network is not required.

The scrutiny of the records of the Electricity Distribution Circle, Haridwar for the period April 2018 to March 2020 revealed the following:

<b>Year</b>	<b>No. of cases where connection were released beyond stipulated time</b>	<b>Amount of Penalty (In ₹)</b>
2018-19	470	2812420
2019-20	299	1742420
<b>Total</b>	<b>769</b>	<b>4554840</b>

From the above, it is evident that UPCL had to bear penalty amounting to ₹45.55lakh in 769 cases during the period April 2018 to March 2020 due to delay of releasing of new connections. Delay in releasing the connections to the consumers had not only resulted in avoidable loss to UPCL in the form of penalty but also inconvenience to the consumers.

Circle in its reply stated that the main reason for delay in release of new service connection to consumers was non-submission of relevant documents by the consumers. Further, Circle also stated that Hon’ble UERC is considering plea of UPCL to waive off the penalty.

Reply of the Circle is not acceptable as the facts remains that Circle is not making serious efforts to avoid delay in release of new service connections to consumers. Also, UERC has not waived off the penalty till date.

Matter is bought to the notice of higher authorities.

**Para 5:Irregularities in award of the contract.**

(A) Electricity Distribution Circle, Roshanabad had awarded (April 2018) an agreement to M/s P.M Electrical Co., Dehradun, for construction of 33 KV underground line by cable of size 3X400 Sq mm from 220 KV SIDCUL sub-station to 33/11 KV sub-station SIDCUL under EDD SIDCUL amounting to ₹ 1.59 crore. The schedule date of completion of the work was 120 days from the date of signing of agreement/LOA/Last lot of material Issued from Central Store.

As per standard terms of the contract, if the contractor fails to complete the work within stipulated time, the penalty should be imposed at the rate of 0.5 *per cent* per week subject to maximum at the rate of 10 *per cent* of contract value. During scrutiny of records, it was observed that Circle had incorporated wrong penalty clause 21 which stated that a penalty of 0.5 *per cent* per week subject to maximum 10 *per cent* of the incomplete work will be liable on contractor of work is not completed in time instead of 10 *per cent* of contract value.

Circle accepted the audit observation and noted it for future compliance.

**(B) Non- provisioning of labourcess in the estimate.**

As per provisions of Building and Other Construction Workers' Welfare Cess Act, 1996, UPCL has to collect one percent cess on cost of construction and deposit the same through bank draft in the name of Labour Commissioner/Secretary, Uttarakhand Bhawan and other construction labour welfare board, SharamBhawan, Haldwani. In this regard, a letter from Labour Commissioner/Secretary dated 15.06.2012 was written to Managing Director, UPCL.

During scrutiny of records of the Circle, it was noticed that an estimate ₹3.88 crore was submitted by Electricity Distribution Division, SIDCUL Haridwar for construction of above said project. The estimate included cost of centralized material (₹1.40 crore), decentralized material (₹24.49 lakh) and labour charges (₹1.63 crore) and Supervision charges & Contingency charges (₹60.52 lakh) for approval of circle. The estimate was approved by Superintending Engineer and Chief Engineer. For execution of above work, Circle entered into an agreement with M/s P.M Electrical, Dehradun for ₹1.59 crore for decentralized material and labour charges with the condition that one *per cent* labour cess is to be deducted from the bills of contractor. Centralised material was to be provided by the UPCL.

It is evident from the above that labour cess was to be deducted on the agreement value i.e ₹ 1.59 crore made by Circle and no provision for deduction and deposition of labour cess on

the centralized material of ₹1.40 crore in the estimate violating the above mentioned rule stating that labour cess should be deducted on the cost of construction.

Circle accepted the audit observation and stated that now Circle has been incorporating the provision of labour cess after adding centralised material.

The above both matters may be watched in next audit.

Matter is brought to the notice of the higher Authorities.

### **Part-III**

Details of unsettled paras of previous inspection reports:-

<b>Sl. No</b>	<b>Period</b>	<b>Part II A</b>	<b>Part IIB</b>	<b>Total</b>
1	Since inception to March 2015	--	2, 3 & 4	03
2	April 2015 to March 2018	--	1,2,3 & 4	04

For obtaining the reply of the old AIRs, Audit memo No. 06 of Book No. 1159 was issued to the Circle. In turn, Circle furnished the replies of old paras in respect of Sl. No. 2 of table above and replies of outstanding paras (Sl. No. 1 of table above) are still awaited.

### **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 Circle 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>Sl. No.</b>	<b>Name of Superintending Engineer/Account Officer</b>	<b>Post</b>	<b>Period</b>
1	Sh. Ravi Kumar Rajora	Superintending Engineer	Last Audit to till date
2	Sh. Sanjay Pal Singh	Account Officer	Last Audit 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), MahalekhakarBhawanKaulagarh, Dehradun-248195 within one month of receipt of the letter.

**Sr.Audit Officer/AMG-II (PSUs)**

**Subject- Compliance Audit of o/o the SE, EDC, Haridwar for the period from April 2018 to March 2020.**

The Compliance Audit of office of the Superintending Engineer, EDC Haridwar (UPCL) for the period from April 2018 to March 2020 was conducted by Sh. Ghanshyam Das Pal, AAO, Sh. Rituraj Mohan Singh, AAO and Sh. Saurabh, Sr. Auditor under the supervision of Sh. R.L.Sharma, Sr. AO during the period from 19 January 2021 to 25 January 2021

During the course of audit seven audit memos were issued. Two are them were requisition for records and five of them were audit observation. The replies of the audit observation were received and suitably incorporated in the draft AIR. Five audit memos are proposed to be included in the Draft AIR as Part II-B Report (Para 1 to 5).

Further, Circle has furnished the replies of previous AIR for the period 04/2015 to 03/2018. Based on the replies furnished by the Circle, two paras (Para-2 & 4 of Part-II-B) has been updated in current AIR.

The reply of the Circle and remarks has been duly vetted and the followings are submitted for approval please.

Sl. No.	Period of Inspection Report	Para No. & Brief Description	Reply	Remarks of Audit party	HQ remark
1	April 2015 to March 2018	Part II B- Para- 1 Blockade of funds due to excess damage of Transformers – ₹ 11.08 crore.	The damage rate of transformer has been decreased to 13.67 %	The reply of the Circle is not acceptable as the damage rate of transformer is still on higher side than the norms prescribed by UPCL, i.e., 3 per cent. In view of that para may not be proposed to be settled.	
2		Part II B- Para- 2 Increase arrears against Non Government consumers.	The para has been updated by current year Report. Hence audit is requested to drop the para	The para has been updated in the current Inspection Report in Para No. 1 of Part II B Report Hence it is proposed that the same may be settled.	
3		Part II B- Para- 3 Avoidable loss of energy in distribution – ₹ 44.73 Crore	The energy loss of EDD, Laksar and EDD, Jwalapur was	The reply of the Circle is not acceptable, as the energy loss of EDD Laksar (21.10	

			high due to rural areas. Efforts have been made to minimize the line losses.	<i>per cent</i> ) and EDD Jwalapur (20.20 <i>per cent</i> ) is still on the higher side than the prescribed norms of UPCL (14.25 <i>per cent</i> ). In view of that para may not be proposed to be settled.	
4.		Part-IIB Para-4 Non-provisioning of labourcess in the estimate	Now the estimates are been prepared after incorporation of labourcess on centralized material and the same nature of para has been updated in audit memo -11, book no 1159.	The para has been updated in the current Inspection Report in Para No. 5 of Part II B Report. Hence it is proposed that the same may be settled.	

The draft AIR along with audit remarks on previous outstanding paras are submitted for approval and consideration please.

**AAO**

**Sr. Audit Officer**

