

This Audit Inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Vikas Nagar, 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, Vikas Nagar, Dehradun 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 Companies Act, 2013. Audit Inspection was conducted by Shri Rajesh Petwal, Asst. Audit Officer Shri Manoj Kumar Negi, Asst. Audit Officer and Shri Bhuvnesh Sharma, Sr. Auditor under the supervision of Shri Amit Kumar Mishra, Sr. Audit officer during the period from 14 December 2020 to 16 December 2020 and 11 January 2021 to 30 January 2021.

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Shri Khub Chand, Asst. Audit Officer and Shri Nishant Choudhary, Auditor under the supervision of Ms. Usha Singh Audit officer 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, Vikas Nagar, Dehradun is to distribute electricity to all over Vikas Nagar town and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is Vikas Nagar area in Dehradun district.

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

Electricity Distribution Division, Vikas Nagar, Dehradun was covered in the audit. This inspection report is based on findings of audit, March 2020 month was selected for detailed examination of expenditure, October 2019 for Arithmetical Accuracy of expenditure and February 2020 was selected for detail scrutiny of revenue receipt.

(₹ In lakh)			
<b>Year</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Profit</b>
2018-19	6908.52	1385.63	--

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

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

## Part-II A

### Para 1: Outstanding dues pending against the 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 under section -3 of Electricity Dues & Recovery Act, 1958 (Act) 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 under section -5 of the Act through District authorities. All such action for recovery of electricity dues should be completed within six month.

Scrutiny of records revealed that as on 31 March 2020 an amount of ₹ 84.48 crore was pending for realization from the consumers as per following:

( ` in Lakh)						
Category of Consumer	No. of Consumers	Connected Load (KW)	Arrear of Previous Year	Current year Assessment	Realisation including Waive off	Arrear as on March 2020
Non-Govt.	78494	133110	4194.23	7908.77	8509.72	3593.28
Govt.	372	6867	2968.89	2345.77	459.79	4854.87
<b>Total</b>	<b>78866</b>	<b>139977</b>	<b>7163.12</b>	<b>10254.54</b>	<b>8969.51</b>	<b>8448.15</b>

The amount of arrears of previous year (03/2019) was ` 71.63 crore which increased to ` 84.48 crore as on 03/2020, that is an increase of 17.94 *per cent* in the arrear amount, as the realization for the year 2019-20 was less than that of the assessment of electricity dues for the current year.

It was further observed that the input energy of the division increased by 1.81 (i.e. only 0.86 *per cent*) million units during the same period, the assessment increased by 15 *per cent* and collection increased by 32.30<sup>1</sup> *per cent*.

To realize the dues vigorous efforts need to be taken by the division by issuing timely notices under section 3 and 5 of Act, so as to realise the outstanding dues otherwise the situation of revenue realisation may also deteriorate.

Division's reply is awaited.

**Sr. Audit Officer/AMG-II**

<sup>1</sup> When compared with 2019 commercial diary data

## **Part-II B**

### **Para 1: Slow progress on proposed working plan for NB/SB cases by the UPCL headquarter.**

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 assess 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 preparation of permanent disconnection report of NB/SB cases with the direction that the payment shall be made by the consumer within 15 days (till 15 July 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 September 2017.
3. Further the cases which were declared non recoverable by the DM office were to be sent to Chief Engineer (till 31 December 2017) for further necessary action.
4. At least 10 *per cent* NB/SB cases will be settled by the every division in per month and all the NB/SB cases should be settled by March 2018.

During the review the statement annexed with the UPCL HQ circular, it was observed that 3951 cases amounting to ₹ 11.13 crore were identified for Permanent Disconnection.

Division settled only 1257 cases against the 3951 cases during the period from June 2017 to March 2020. The assessed amount of the settled cases were fixed ` 692.89 lakh by the division and realized amount was ` 11.83 lakh. Thus, the division was not able to cover the ` 681.06 lakh from the assessed cases.

Further, division failed to take appropriate action against 2694 nos. of cases, which were reflecting in the NB/SB cases of the division. This shows non-compliance of the UPCL's HQ's working plan by the division. There was also no documented reason for non-compliance of the working plan.

Division's reply is awaited.

**Para 2: Non- realization of dues due to inappropriate monitoring of Recovery Certificates amounting to ` 72.94 lakh.**

As per Section-56 of Indian Electricity Act 2003, the payment of electricity dues should be made within due date mentioned in the bill. In case of default, the supply may be disconnected after giving 15 days notice. Further, under section 3 of Electricity Dues and Recovery Act, 1958 (giving 30 days notice) a notice in respect of recovery may be sent. If payment was not received, a Recovery Certificate (RC) under section- 5 of the said act was to be sent to the concerned District Magistrate 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 RC's could be realized.

The status of unrecovered Recovery Certificates u/s 5 of Act during 2018-19 and 2019-20 was detailed below:

**For the year 2018-19**

Sl. No.	Particulars	Number	Amount ( in lakh)
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2018.	219	64.27
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2018 to March-2019	0	0
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2018 to March-2019.	08	1.21
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2018 to March-2019.	0	0
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2019.	211	63.06

**For the year 2019-20**

Sl. No.	Particulars	Number	Amount ( in lakh)
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2019.	211	63.06
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2019 to March-2020	53	11.66
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2019 to March-2020.	14	1.00
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2019 to March-2020.	04	0.78

5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2020.	246	72.94
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Audit also noticed that the 219 numbers of RCs amounting to ` 64.27 lakh were pending for realization in the beginning of April 2018. Out of 219 RCs only 08 RCs realized amounting to ` 1.21 lakh in 2018-19. Further, in the year 2019-20, 53 RCs amounting to ` 11.66 lakh increased and only 14 RCs amounting to ` 1.00 lakh was realized against there. Four RCs amounting to ` 0.78 lakh was returned by DM office during 2019-20 due to wrong address/ inadequate details provided by division whereas in the same period DM office failed to collect any amount from the defaulting consumers. This shows that the UPCL failed to Geo-Tag the address of the consumers.

Had proper action for temporary/permanent disconnection been taken by the Company in time against the defaulting consumers, this arrear would not have been accumulated.

Division's reply is awaited.

**Para 3: Non recovery of additional Security amounting to ₹ 3.27 crore.**

As per para 2.2.1 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 month 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 which is not deposited within the stipulated period, the electricity supply of such consumers can be disconnected.

During scrutiny of billing files and other related records of the KCC consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited. Additional Security amounting to ₹ 3.27 crore were pending from March 2020 and has not been recovered till date. As per circular in question, amount of this additional security was required to be recovered within 45 days. This amount should have been recovered from the consumers within the stipulated period which was not recovered.

Further, analysis of the pending additional security it was noticed that the Government Irrigation System ( RTS-3B) was also defaulter regularly in payment of additional security, which represents a negligence on the part of division.

Division's reply is awaited.

#### Para 4: Excess damage of transformers

As per internal norms, prescribed by UPCL, the number of transformers damaged in a year should not be more than three *per cent* of the installed transformers. To minimize the damages, following preventive steps were recommended by UPCL.

- (i) Carrying out detailed monitoring including ascertaining reasons for damages.
- (ii) Maintenance of history card for each transformer.
- (iii) Use of drop out losses on 11 KVA side in case of transformers above 25 KVA ratings.
- (iv) Joining of LT terminals with gripping tools and copper lugs etc.

During scrutiny of records for the period 2019-20, it was observed that the overall percentage of damage rate of transformers was as high as 10.19 *per cent* against the prescribed norms of three *per cent* fixed by the Board/Corporation. The details are given as under:

Sl. No.	Capacity of T/F (in KVA)	No. of installed T/F against each capacity	No. of T/F damaged	Under the norm of 3 percent	Excess of 3 percent
1	16	310	22	9	13
2	25	757	96	23	73
3	63	356	23	11	12
4	100	359	41	11	30
5	250	35	3	1	2

As per the information provided by the division audit noticed that the main reasons of damaged transformers were internal fault of the transformers, lightening / thundering. During the period 2019-20, 94 transformers were damaged due to internal fault and 90 transformers were damaged due to lightening / thundering The details are given as under:

Capacity of transformer	Reasons for the damaged transformers			Total nos. of damaged transformers
	Internal fault	Lightening/thundering	Other reasons	
16 KVA	10	11	01	22
25 KVA	53	41	02	96
63 KVA	15	08	--	23
100 KVA	13	28	--	41
250 KVA	02	01	--	03
160 KVA	--	01	--	01
400 KVA	01	--	--	01
<b>Total</b>	<b>94</b>	<b>90</b>	<b>03</b>	<b>187</b>



Audit analysed that 48 *per cent* of damaged transformer were due to lightning / thundering. This shows that either the lightning arresters were not installed in transformers or lightning arrester was not working properly.

Division's reply is awaited.

**Para 5: Loss of ` 8.08 lakh due to non-refund of cash handling charges by the bank.**

Revenue account is maintained in the division for collection of amount received from consumers from sale of energy. Revenue receipt account shows financial strength of the division as well as of the corporation. Division also maintained Ear Mark Funds accounts for deposit of security money of consumers and amount received for deposit works. The following two accounts are being maintained in the division:

<b>Sl No.</b>	<b>Bank name</b>	<b>Account No.</b>	<b>Reconciled Upto</b>	<b>Account Name</b>
1.	Punjab National Bank	0886002100000342	31.03.2020	Receipt
2.	Punjab National Bank	0886002100000351	31.03.2020	Earmarked Funds (EMF)

As per Memorandum of Understanding (MOU) (12 May 2003) between UPCL and PNB, bank should not debit any bank charges in above mentioned accounts.

During scrutiny of Bank Reconciliation Statements of above both accounts for the month of March 2020 it was observed that bank had debited ` 760764 as cash handling charges in receipt account and ` 47241.21 in EMF account. Thus, the total amount of ` 8.08 lakh was deducted by the bank from the said accounts. PNB did not adhere to the agreed conditions of the MOU. Due to non-refund of ` 8.08 lakh by the bank, the division suffered a loss of ` 8.08 lakh.

Division's reply is awaited.

**Para 6: Inadequate vigilance checking and non-recovery of ` 13.09 lakh from the default consumers.**

As per sub regulation of 5.1.2 (4) The Electricity Supply Code, Regulations, 2007, it is established that if there is a case of theft of energy, the Licensee shall disconnect the supply of the consumer, Licensee shall also assess the energy consumption for past twelve (12) months as per the assessment and prepare final assessment bill as per applicable tariff and serve on the consumer under proper receipt. The consumer shall be required to make the payment within seven working days of its proper receipt. Further, as per sub regulation of 5.1.4 (4) The Electricity Supply Code, (First Amendment) Regulations, 2008, the licensee shall intensify the effort for regular inspection of premises of persons and other persons to ensure prevention of theft or unauthorized use of electricity or tampering, distress or damage to electrical plant, electric lines or meter. At least 5% of total connections should be inspected annually.

As per Regulation the Electricity Distribution Division (EDD), Vikas Nagar, Dehradun was required to inspect 3943 connections (5 *per cent* of 78866 connections) during the period 2019-20.

During the scrutiny of records of the EDD, Vikas Nagar, it was noticed that the Departmental Vigilance Team and Division inspected only 334 connections during the period 2019-20 which was only 0.43 *per cent* of the total connection.

Further, it was also seen that irregularity was found in 205 connections out of 334 connections checked. An amount of ` 45.69 lakh was assessed in respect of 205 consumers and against the assessed amount the realized amount was ` 32.64 lakh. Considering the fact that amount of ` 45.69 lakh was assessed, the division is required to increase the number of raids to ascertain unauthorized extraction of power and realise the revenue to the extent it is assessed.

Division's reply is awaited.

### **Part III**

#### **Details of unsettled paras of previous inspection reports:-**

<b>Sl. No.</b>	<b>Period</b>	<b>Part II-A</b>	<b>Part II-B</b>
1.	07/2006 to 06/2007	01	1,2,3,4
2.	07/2007 to 09/2008	-	1,2,3,4
3.	10/2008 to 3/2011	01	04
4.	04/2015 to 03/2016	01	--
5.	04/2016 to 03/2017	--	4,5
6.	04/2017 to 03/2018	--	1,2,3,4,5 & 6
7.	04/2018 to 03/2019	01	1,2,3,4

#### **Compliance report of unsettled paras of previous inspection report-**

For furnishing of reply of the outstanding paras of old Inspection Reports an audit Memo number 41 book number 1052 was issued to the Division. Division's reply is 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 Electricity Distribution Division, Vikas Nagar 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>Sl. no.</b>	<b>Name</b>	<b>Post</b>
(i)	Shri S. K. Gupta, (01.04. 2019 to 31-03-2020)	Executive Engineer
(ii)	Shri Satish Rawat (13.03.2018 to till date)	D.A(R)/ D.A(W)

The Compliance report on the Audit Inspection Report may be sent to Deputy Accountant General / AMG-II Office of the Principal Accountant General (Audit), Mahalekhakar Bhawan, Kaulagarh, Dehradun- 248195 within one month of receipt of the letter.

**Sr. Audit Officer/AMG-II**