

This Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Rishikesh. 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, Rishikesh 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 Roshan Lal Sharma, Assistant Audit Officer, Shri. Amit Kumar, Assistant Audit Officer and Shri Khub Chand, Assistant Audit Officer under the supervision of Shri B.C. Suyal, Sr. Audit Officer during the period from 05.12.2016 to 13.12.2016.

Part-I

1. **Introduction:-** The last audit of this unit was conducted by Shri R.L. Sharma, Assistant Audit Officer and Shri Ghanshyam D. Pal, Assistant Audit Officer for the period April 2014 to March 2015 under the supervision of Shri Sohrab Husain, 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 examined.
2. (i) **Functions and geographical jurisdiction of the unit:**
The function of the Electricity Distribution Division, Rishikesh is to distribute electricity to the Rishikesh as well as strengthen the electricity distribution system. Geographical jurisdiction of the division is Rishikesh.
- (ii) **Auditing methodology and scope of audit:**
Electricity Distribution Division, Rishikesh 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 April 2015 month was selected for detailed examination.

(iii)

in Lakh

Year	Revenue	Expenditure	Profit
2015-16	7254.01	656.42	-

(To the extent this information is available & applicable)

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

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

Part II (A)

-----NIL-----

Part II (B)

Para 1: - Blockade of funds due to excess damage of Transformers – ` 1.71 Crore.

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 *per cent* of the transformers installed. During scrutiny of relevant records, it was noticed that during 2015-16, the damage rate of transformers was on higher side than the prescribed norms fixed by the UPCL as detailed below:

(April 2015 to March 2016)

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	Issue rate of T/F	Loss due to excess damage of T/F	
1	16	07	03	42.8	01	02	37600	75200
2	25	174	42	24.14	05	37	55000	2035000
3	63	121	19	15.7	04	15	101100	1516500
4	100	167	50	29.9	05	45	134600	6057000
5	160	20	03	15.0	01	02	175000	350000
6	250	106	12	11.3	03	09	442000	3978000
7	400	34	06	17.6	01	05	616300	3081500
			135		20	115		17093200

Above revealed that against the prescribed norms of 3 *per cent*, actual damage rate ranged between 11.3 *per cent* to 42.8 *per cent* during the year 2015-16 which was comparatively on very higher side. Test check of transformer damage reports revealed that two causes were responsible for damage of transformers *i.e.* lightning and internal fault. It was observed that out of total 135 transformers, 65 transformers were damaged due to lightning and balance 70 transformers were damaged due to internal fault. It was also observed that in all the 65 cases where transformers were damaged due to lightning, the lightning arrester (LA) was installed on the transformers. This indicates that the LAs installed on the transformers were not working at the time of lightning. Regarding damage of transformers due to internal fault, the exact reasons of internal fault were not known to the Division. The damage of transformers in excess of the prescribed norms resulted in blockade of funds of ` 1.71 crore.

Management in reply stated that transformers damaged due to internal fault were under guarantee period and sent to store division and also stated that to keep the transformer safe

from lighting, the provision for health and robust earthing of lightening arresters are being carried out.

The reply of the Management is not acceptable as damage rates of transformers is higher than the prescribed norms.

Para 2: Non realization of additional security of ` 1.44 Crore.

As per UPSEB order No. 617-CUB/S-8 dated 7.3.1994 (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 of the consumer. In case, security re-assessed exceeds the initial security, additional security so worked out will be demanded, by giving notice to the consumers. In case the additional security is not deposited within the stipulated period, the electricity supply of the consumer can be disconnected. Amount of additional security deposited by the consumers may be utilized by the Company as working capital.

Test check of the records relating to large & heavy consumers (from whom additional security of ` 10,000 and above was recoverable) revealed that the Division had demanded additional security of ` 1.44 crore (government consumers- ` 0.21 crore and non-government consumers- ` 1.23 crore) through monthly bill (May 2016). However, additional security was yet to be deposited (November 2016) by all the consumers. Audit noticed that after demanding the additional security in May 2016, no further notice/reminders were issued to the defaulters to force them to deposit the additional security till date (November 2016). Thus there was inordinate delay in issuance of notices/reminders to the consumers. The additional security was yet to be deposited (November 2016) as per details given in Annexure-1.

Non deposition of additional security by the consumers resulted in blocking of funds of ` 1.44 crore.

Management in reply stated that during 2016-17, notices were issued to all the consumers against whom security was pending and 53 consumes deposited ` 9.57 lakh.

The reply of the Management is not acceptable as additional security of ` 1.35 crore is still yet to be realised.

Para 3: Improper pursuance of dues.

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 the 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 the dues against him within 30 days. In case 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 Dist. Authority. All such action for recovery of dues should be completed within six months.

The arrear as on March 2016 were as detailed below:

Sl. No	Particulars	(In Lakh)
Non-Government Consumers		
I	Domestic and Residential	877.05
II	Commercial	903.89
Total		1780.94

1. As per records as on March 2015, 3362 notices issued u/s 3 were pending for recovery of ` 107.27 lakh. During the year 2015-16, further 380 notices u/s 3 (` 110.38 lakh) were issued. During the year recovery of ` 138.92 lakh was affected from 355 consumers whereas 56 notices (` 39.29 lakh) were returned back by post office department. 3331 notices (3362+380 – (355+56)) were pending for recovery of ` 39.44 lakh.

In this regard audit noticed that

- i. During the year 2015-16 only 380 notices were issued u/s 3 for recovery of ` 110.38 lakh. Considering the huge recoverable amount of ` 17.81 crore, issuance of notices u/s 3 was comparatively on lower side.
- ii. During the year 56 notices issued u/s-3 for recovery of ` 39.29 lakh were returned back to the Division. The returned notices were lying in the division without taking any further action. Thus the basic purpose of issuing notice u/s- 3 was defeated. The division may verify the

status of the consumer through meter reader of the division who issues electricity bill to the consumers.

Non taking action on returned notices resulted in blocking of funds of ` 39.44 lakh.

2. As per records 16 RC issued u/s -5 were pending for recovery of ` 26.41 lakh since March 2013. No further notice u/s 5 was issued during 4/2013 to 03/ 2016. Audit noticed that no reminder was issued to the district authority to expedite the recovery of dues.

3. Review of top 116 defaulters as on 9 December 2016 (top 100 defaulters as on March 2016 can not be generated from the system) revealed that notice u/s-3 was issued to only 18 consumers and notices to others were yet to be issued.

Above revealed that the dues were not properly pursued.

Management in reply stated that during 2016-17 the division issued notice under section -3 amounting to ` 32.20 lakh and recovered ` 3.46 lakh and recovery of dues is also being done through the disconnection. Correspondence with district authorities are also being done to recover pending R.C.

The reply is not acceptable as the fact remains that arrears of ` 1780.94 lakh is still pending to realise.

Para 4:- Limited number of bidders.

During the audit period, the Division entered into 34 no. of contracts with different contractors for various works relating to system improvement, repairs and renovation and other Works. 15 agreements were test checked. Audit noticed that in all cases open tender enquiry was floated. Out of 15 cases test checked in 13 cases only three bids were received and in remaining two cases four bidders submitted their bids. Though the work was awarded within the estimated cost, yet to have more competitive price the Division needs to increase number of bidders. Further audit noticed that:-

1. As per Uttarakhand Procurement Rules 2008 the tenders should be advertised in widely circulated local newspaper/newspapers and in case of any special need, in one widely circulated National newspaper. However, it was seen that the division advertised the tender notice in local news papers (Amar Ujala, Rastriya Sahara, Dainic Hindustan etc.) in Dehradun addition only. The Divisions needs to publish the tender notice in all editions of the local papers

2. Since more number of bidders are not participating in the tender, the division may obtain list of bidders who are participating in other neighbour divisions viz. EDD, haridwar, EDD, Doiwala and EDD, Dehradun (North & South) and may send the enquiry directly to them to increase the number of bidders and to have more competitive prices.

Management accepted the comment.

Fact is brought to notice to the higher 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
1.	04/2004 to 03/2005	1	--
2.	04/2005 to 03/2006	1&2	4
3.	04/2006 to 03/2007	1	1 to 4
4.	04/2007 to 09/2010	1 & 2	1 to 6
5.	10/2010 to 03/2012	1 & 2	1 & 4
6.	04/2012 to 03/2013	1 to 3	1 & 2
7.	04/2013 to 03/2015		1 to 7

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
--	--	--	--	--

Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer, Electricity Distribution Division, Rishikesh 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. V.K. Singh	Executive Engineer
(ii)	Shri. Ravinder Singh Negi	Divisional Accountant (works)
(iii)	Shri Diwakar Gaur	Divisional Accountant (Revenue)

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. Audit Officer/ES-I