

This Audit Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Haridwar (Rural), UPCL. 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, Haridwar (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 Rajesh Petwal, AAO, Shri Manoj Kumar Negi, AAO and Shri Bhuvnesh Sharma, Senior Auditor under the supervision of Shri Amit Kumar Mishra, Sr. AO during the period from 01 February 2021 to 10 February 2021.

Part-I

1 **Introduction:** - The last audit of this unit was carried out by Shri A.P. Singh, AAO under the supervision of Shri Amit Mishra, Audit Officer in which accounting records of the period from April 2017 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, Haridwar (Rural) is to distribute electricity to rural area of Division, Haridwar (Rural). HT consumers in SIIDCUL Industrial Area and upkeep as well as expand the electricity distribution system in this area.

(ii) Auditing methodology and scope of audit:

Electricity Distribution Division, Haridwar (Rural) 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, April 2019 month was selected for detailed examination of expenditure, December 2019 was selected for detail scrutiny of revenue receipts and October 2019 was selected for Arithmetical Accuracy.

(iii)

(₹ in crore)

Year	Revenue	Expenditure	Profit
2019-20	661.72	10.69	-

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

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

Part II A

-----NIL-----

Part-II B

Para 1: Non recovery of additional Security amounting to ₹ 15.02 crore.

As per para 2.2.1 of the UERC Regulations 2007, security of consumers should be assessed by UPCL(licensee) 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.

On review of the statement of outstanding additional Security Deposit for the month of March 2020, it has been observed that there was an amount of ₹ 15.02 crore in respect of 255 consumers. It was further observed that there were nine (09) consumers whose additional Security Deposit required was above ₹ 25 lakh as detailed below:

Sl. No.	Name	Contract Load (In KW)	SD Amount (In `)	Additional Security required (In `)
1.	M/S HINDUSTAN UNILEVER LTD.	5722	20145976.33	11402218.00
2.	MONTAGE ENTERPRISES PVT. LTD.	4000	13042949.05	8719080.00
3.	M/S ALPS INDUSTRIES LTD	6000	25553465.22	8669902.00
4.	M/S PRINCE INDUSTRIES	2500	6204561.77	6195109.00
5.	M/S AKUMS DRUGS & PHARMA. LTD.	2000	4927851.7	6018724.00
6.	M/S STERLITE POWER TRANSMISS	1900	5700487.7	4254618.00
7.	MALIK LIFE SCIENCES PVT. LTD.	2700	11009473.6	4240320.00
8.	M/S ALPS INDUSTRIES	50	892219.3	3879047.00
9.	PURE & CURE HEALTHCARE PVT LTD	7500	28362043.28	3737960.00

On this being pointed out, the division replied that ` 9.35 crore has been recovered against ` 15.02 crore during the period 2019-20 and notices have been issued to all the consumers from whom recovery is pending.

In this regard, further progress in recovery of remaining amount of the ` 5.67 crore may be intimated to audit.

Para 2: Non- realization of dues due to inappropriate monitoring of Recovery Certificates amounting to ` 1.56 crore.

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 disconnected after giving 15 days notice. Further, under Section 3 of Dues 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 to ensure that 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 under Section 5 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 under Section 5 and pending with DM offices as on 01.04.2018.	164	107.84
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	6	11.65
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2018 to March-2019.	4	7.24
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.	166	112.25

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 under Section 5 and pending with DM offices as on 01.04.2019.	166	112.25
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	33	53.76
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2019 to March-2020.	10	10.17
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.	0	0
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2020.	189	155.84

From above table it was observed that the 164 numbers of RCs amounting to ` 107.84 lakh were pending for realization in the beginning of April 2018. Out of 164 RCs only 04 RCs amounting to ` 7.24 lakh were realised in 2018-19. Further, in the year 2019-20, 33 RCs amounting to ` 53.76 lakh increased and only 10 RCs amounting to ` 10.17 lakh was realized and 189 numbers of RCs amounting to ` 155.84 lakh was unrealized as on 31.03.2020. Had proper action for temporary/permanent disconnection been taken by the Company against the defaulting consumers, this arrear would have not been accumulated.

On this being pointed out the division replied that the letter has been written on 20 November 2020 to District Magistrate for recoveries under Section-5. Thus, the recovery against RCs may be expedited under intimation to audit.

Para 3: Loss of ` 1.87 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. For this purpose, the following two accounts are being maintained in the division:

Sl No.	Bank name	Account No.	Reconciled Upto	Account Name
1.	Punjab National Bank	4063002100004400	31.03.2020	Receipt
2.	Punjab National Bank	4063002100004428	31.03.2020	Earmarked Funds (EMF)

As per Memorandum of Understanding (MOU) (12.05.2003) 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 ` 179658/-as cash handling charges in receipt account and ` 7628/- in EMF account. Thus, due to non-adherence on the part of PNB to the agreed conditions of the MOU, the division suffered a loss amounting to ₹ 1.87 lakh.

The division stated in its reply that a letter has been issued to concerned bank on 15-10-2020 to credit the bank charges in division's bank accounts and copy was also forwarded to DGM (Finance), headquarters for further necessary action. Further progress in the matter may be intimated to audit.

Part III

Details of unsettled paras of previous Inspection Reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B
1.	Since inception to March 2007	-	1,2
2.	04/2007 to 03/2008	-	1 to 4
3.	04/2008 to 09/2010	1	4
4.	10/2010 to 03/2013	-	1 to 5
5.	04/2013 to 03/2014	1,2,3	1,2
6.	04/2014 to 03/2015	1	2 to 4
7.	04/2015 to 03/2016	-	1 to 5
8.	04/2016 to 03/2017	1,2,4 & 5	1 to 7
9.	04/2017 to 03/2019	1	1,2,3

For obtaining the replies of old AIR, an audit memo number 56 (Book number 1052) has been issued to the division. Division stated in its reply that replies of the old outstanding paras are under process and will be provided to audit shortly.

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, Haridwar (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:**

Name	Period	Post
Shri S. K. Sahgal	(last audit to March 2019)	Executive Engineer

The compliance report on 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 (PSU)