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COMMITTEE ON PUBLIC UNDERTAKINGS

SIXTY FIRST REPORT

FIFTEENTH ASSEMBLY

REPORT ON THE AUDIT PARAS CONTAINED IN THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (COMMERCIAL) FOR THE YEAR 1990-1991, 1993-1994, 1996-1997, 1997-1998, 1998-1999, 2008-2009, 2009-2010 AND 2010-2011 RELATING TO ASSAM POWER DISTRIBUTION COMPANY LIMITED

Presented to the House on 14th March 2022

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings, Assam Legislative Assembly having been so authorised by the Committee on their behalf present this 61st report, which was approved by the Committee on the Audit paragraphs contained in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 1991, 31 March 1994, 31 March 1997, 31 March 1998, 31 March 1999, 31 March 2009, 31 March 2010 and 31 March 2011 relating to Assam Power Distribution Company Limited.

(2) The Committee had taken up the work of examining the relevant paragraphs contained in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 1991, 31 March 1994, 31 March 1997, 31 March 1998, 31 March 1999, 31 March 2009, 31 March 2010 and 31 March 2011 related to the Assam Power Distribution Company Limited under the Power Department, Government of Assam and had a threadbare discussion with the officers of the Department as well as Assam Power Distribution Company Limited on 30.06.2021 and 02.09.2021.

(3) The report was considered and adopted by the Committee in its meeting held on 07.03.2022.

(4) The Committee placed on records its thanks to the officers of Assam Power Distribution Company Limited for furnishing the records/relevant materials and giving information as well as for extending fullest co-operation to the Committee.

(5) The Committee also extends its high appreciation to the Principal Accountant General (Audit), Assam and the concerned officials for their sincere co-operation extended to the Committee during its examination.

(6) The Committee also placed on record its appreciation to officers and staff of the Committee for their unstinted co-operation extended to the Committee in conducting of examination as also in the compilation in presentation of this Report.

Dispur

The 7th March 2022

(Ramendra Narayan Kalita, M.L.A),
Chairman,
Committee on Public Undertakings

COMPOSITION OF THE COMMITTEE

CHAIRMAN: Shri Ramendra Narayan Kalita, MLA

MEMBERS:

1. Smti. Suman Haripriya, MLA
2. Shri Terash Gowala, MLA
3. Shri Krishnendu Paul, MLA
4. Shri Ganesh Kumar Limbu, MLA
5. Shri Suren Phukan, MLA
6. Shri Prodip Hazarika, MLA
7. Shri Jitu Goswami, MLA
8. Shri Charan Boro, MLA
9. Shri Siddeque Ahmed, MLA
10. Md. Nurul Huda, MLA
11. Smti. Nandita Das, MLA
12. Shri Rafiqul Islam, MLA

SECRETARIAT:

1. Shri Hemen Das, Principal Secretary
2. Shri Indrajit Mozumder, Joint Secretary
3. Shri Thaneswar Deka, Deputy Secretary
4. Shri Ranjit Kr. Sarmah, Under Secretary

CHAPTER - I

REPORT AND RECOMMENDATION

During the course of deposition before the Committee in its meeting held on 30.06.2021 and 02.09.2021 in the presence of Principal Accountant General (Audit) and the Managing Director, Assam Power Distribution Company Limited (APDCL) and Secretary, Power Department, Government of Assam and other Departmental representatives had submitted the replies to the queries against the Audit paragraphs mentioned as follows.

1. Reference Paragraph 4.2.1.1 of the Audit Report (Commercial) for the year ended 31 March 1991

LOSS OF FREIGHT REIMBURSEMENT

FACT OF THE CASE

Due to non-preference of claim within a stipulated period of 6 months by Executive Engineer, North Lakhimpur Division, the Assam State Electricity Board (ASEB) sustained a loss of Rs. 1.89 lakh pertaining to transportation cost of cement during the March 1988 to December 1988.

MANAGEMENT REPLY

Freight subsidy scheme was announced on 23.07.1971. The scheme was introduced to develop Industrialisation in remote, hilly and inaccessible areas by providing for subsidy in the transportation cost incurred so that they could stand competition with other similar industries, which are geographically located in better areas.

The scheme is applicable to all industrial units (excluding plantation, refineries and power generating units) irrespective of their sizes and the same was applicable in the states of Northeast India, Himachal Pradesh, Uttarakhand, Jammu & Kashmir, Andaman & Nicobar Islands and Darjeeling district of West Bengal. The quantum of subsidy ranged between 50% to 90% of the transport cost for transportation of raw materials and finished goods. However, the availment of subsidy was subject to fulfilment of certain conditions.

In the instant case, the fact of non-claiming of the freight reimbursement from the Cement Controller, was pointed by Audit. It was mentioned in the

Audit Report that reimbursement claims of Rs. 1.04 lakh towards transportation cost of cement received during February and September 1987 which were lodged by the North Lakhimpur Division to the Cement Controller only in the months of January 1988 (Rs. 0.81 lakh) and January 1989 (Rs. 0.23 lakh) respectively were rejected by the Cement Authority as the claim had already become time barred. As per the normal procedure, the prescribed application form along with all relevant documents, certificates had to be forwarded to the District Level Committee. After thorough verification the proposal will be placed before State Level Committee for approval within 180 days. Thus, it is acknowledged that due to non-fulfilment of the time limit, North Lakhimpur Division lost the opportunity of getting the freight benefit and subsequent loss of Rs. 1.89 lakh as pointed out by Audit. However, presently such procurement of cement from cement controller is not in application and all the projects are run on turnkey basis.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

2. Reference Paragraph 4.2.1.2 of the Audit Report (Commercial) for the year ended 31 March 1991

UNNECESSARY PURCHASE OF ELECTRICAL MATERIAL

FACT OF THE CASE

Loss of interest of Rs. 7.56 lakh incurred due to idle investment of "V" cross arm materials issued by the Controller of Stores, ASEB, Guwahati to ESDs under Jorhat Electrical Division-II, leaving the balance of 5,436 nos. in stock unutilised of worth Rs. 5.40 lakh for over ten years.

MANAGEMENT REPLY

The said 11KV "V" cross arms were procured and supplied by the office of the Controller of Stores, ASEB, Guwahati in between 1981-1983. It is due to change in design of REC works, the Controller of Stores, ASEB, Guwahati again procured and supplied 11KV "T" cross arms to the office of Jorhat El Division II. Against the said consignments, though 2953 nos. of 11KV "V" cross arms were issued to the Sub divisional offices viz. Mariani ESD, Titabor ESD and Majuli ESD, but, due to change in design and availability of "T" cross arms, the said 11KV "V" cross arms remain unutilized. The benefits of T cross arms over "V" cross arms are as detail below-

1. In case of "V" Cross arm, an additional Top Cleat (Short Channel) is required for the third conductor for stringing. However, in case of "T" cross arm stringing of all three conductors can be done on it and no any additional channel will be required.

2. The "V" cross arm is fixed on the pole with the help of only one pole clam, so to strengthen the construction, additional tie is required. However, "T" cross arm is fixed with the help of two clams/nut-bolt and no additional tie is required.

Based on the above benefits, perhaps the "T" Cross arms were indented for better scope of work and benefits of organisation. Hence the referred "V" Cross arms, being outdated, are still in stores. As per the present policy of maintaining store items through ERP, these are identified along with other obsolete items for being disposed of as scrapped materials.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

3. Reference Paragraph 4.2.1.3 of the Audit Report (Commercial) for the year ended 31 March 1991

NON-COLLECTION OF INTEREST ON ADVANCE PAYMENT

FACT OF THE CASE

Audit observed that cement producers are not supplying the allotted quantities after receiving the advance payment for the full value. As per Government of India notification, cement producers should accept the advance payments only when they are in a position to supply cement as per the allotment order, otherwise the producers are required to pay interest at 14% per annum on the amount of advance pending adjustment. Test check of the records of the Executive Engineer, Tezpur Civil Division in September 1990, revealed that 1555 MT cement against the allotted quantity of 1800 MT of cement were received by the division between November 1986 and January 1989. ASEB sustained a loss interest of Rs. 1.26 lakh towards interest on pending advances against 245 MT of cement short supplied worth Rs. 2.17 lakh which was paid in advance.

MANAGEMENT REPLY

The Indian Cement Manufacturer Association was set up in 1925. The modern Cement Manufacturer Association (CMA) was reformed in 1961. From 1945 to 1956, the government regulated prices directly. It became increasingly obvious that the regulated prices from central Government could not provide the cement that the country was demanding. The controls were relaxed in steps with a free market from 1989 onwards. The result of deregulation was a massive expansion of cement capacity.

In the instant case, the Executive Engineer, Tezpur Civil Division received the allotment order of 1800 MT out of which the concerned division received only 1555 MT of cement during the period November 1986 and January 1989. The Chief Engineer (Civil), ASEB made 100% advance payments to different cements producers between February 1986 and August 1988 for supplying cement to various Division offices of the ASEB. Thus, there was a short supply of 245 MT of cement value of which amounted to Rs. 2.17 lakh. Thus, it can be said that the loss as pointed out by Audit is rightly acknowledged. However, such situations are not repeated in recent years due to the change in the policy of government.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para with a warning not to repeat such act in future.

4. Reference Paragraph 4.2.1.5 of the Audit Report (Commercial) for the year ended 31 March 1991

SHORT ACCOUNTAL OF STORES

FACT OF THE CASE

The shortage of 21 items of Electrical stores was not reconciled either at the Divisional or at the ESD level at Tinsukia w.e.f. April 1984 to September 1991, except the period 1986-87 and resulted in a loss of Rs. 2.49 lakh.

MANAGEMENT REPLY

The Central Stores of Moran Electrical Division was maintained by the Rural Electrification Construction Subdivision at Bordubi. In July 1985 it was merged with Dibrugarh Electrical Division and thereafter REC Subdivision Tinsukia was the custodian of the Central Stores of the Division. The stores items were taken in Stores Ledger by Tinsukia ESD on 30.07.1985 and the report of shortage of stores items was pointed out in 1987. Reporting the shortage of stores items after a lapse of two years and striking off the same from records is really accepted as a faulty operation. Now all the store items are accounted through ERP. Also, for Physical Verification Report, a team is constituted, and the store items are verified as per ERP and report submitted to the competent authority every year.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

5. Reference Paragraph 4.2.1.7 of the Audit Report (Commercial) for the year ended 31 March 1991

SHORTAGE OF STORES

FACT OF THE CASE

Non-reconciliation of damaged stocks in the Physical Verification Report of Goalpara Electrical Division lead to short accountal worth Rs. 1.90 lakh in case of 56 damaged items and Rs. 1.21 lakh for another seven damaged items for the year April 1989.

MANAGEMENT REPLY

The para relates to the financial year 1990-1991 where it was revealed that 56 items of stores were excluded in the opening balance as on 01.04.1989 instead of showing the items as damaged in preceding year. This is no doubt a lapse in Stores Accounting. However, we are now having the proper system of Physical Verification of Stores as recording of store items are done through ERP. Presently, Physical Verification Report is prepared and sent to Head Office at close of Financial Year and tallied with ERP and shortage/deficiency if any is accounted for.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

6. Reference Paragraph 4.2.1.8 of the Audit Report (Commercial) for the year ended 31 March 1991

IDLE STAFF

FACT OF THE CASE

The Power House under Goalpara Electrical Division was closed by the ASEB w.e.f. 18.06.1989 following frequent public disturbance due to failure to cater to full power requirement. There were 17 employees engaged in Power House whose services were not utilized and expenditure of Rs. 7.71 lakh were incurred on pay and allowance of the staff w.e.f. July 1989 to January 1991.

MANAGEMENT REPLY

The para relates to the financial year 1990-1991 in which Audit pointed out that 17 number of idle employees were found to be in Power House under Goalpara Electrical Division in the year 1990-1991 resulting in expenditure of Rs. 7.71 lakh as specified. But as per information gathered the employees have been subsequently engaged in Damra Sub-Station under Damra Electrical Subdivision (ESD) and Balijana Sub-Station under Goalpara ESD under Goalpara Electrical Division.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

7. Reference Paragraph 4.2.1.3 of the Audit Report (Commercial) for the year ended 31 March 1994

EXTRA EXPENDITURE DUE TO NON-IMPOSITION OF PENALTY

FACT OF THE CASE

In course of scrutiny of records of the Executive Engineer, Nagaon Civil Division, it was noticed in Audit (September 1993) that the work of construction of office buildings at Howraghat and Dhing was allotted by the respective Division to contractor and the same was not completed within the stipulated time frame and hence re-allotment of unfinished work was entrusted to another contractor. Thus incurred an extra expenditure of Rs. 2.40 lakh which was ought to have been recovered from original contractor as per terms of the agreement.

MANAGEMENT REPLY

It is to be mentioned that the observation is related to the audit period of 1993-94 when Nagaon Civil Division was in operation. The construction period was 1989-92 in case of Howraghat office building and that of Dhing office building was 1990-1992. Audit has rightly observed the fact and this office acknowledges the lapses occurred during that period.

However, it may be mentioned that, in the subsequent period i.e., 2012, first floor of MTI office building and NESD office building was constructed at Nagaon vide LoA No. CGM (D)/APDCL/CW-10(A)/2012-13/14 dated 01.11.2012. the work was allotted vide Short Tender Notice No. CGM(D)/APDCL/CW-10(A)/2012-13/02 dated 23.07.2012. The TPC Resolution No. was 49 dated 11.10.2012 and the completion period for the work was (8) eight months from the date of handing over of the work order. The work was completed within the stipulated time period.

In another instance, a store shed was constructed at Raha ESD, APDCL including electrification, erection of aluminium partition, painting of office building and boundary wall for which NIT was floated vide Notice No. CEO/NEC/APDCL/CAR/T-170/NIT-(Civil)/2018/1928(A) dated 31.08.2018. The Work Order was issued to lowest bidder M/s Hazarika Electricals, Raha vide Order No. CEO/NEC/APDCL/CAR/W-2/2018/2851 dated 29.11.18 being approved in Circle Level Purchase Committee (CLPC) vide Res. No. A-63/111 dated 15.11.2018, the work completion period of which was 15 days from the date of issue of work order. The work was completed on 13.12.2018 as per the completion report of AGM, NED II.

It may be opined that this office has been under obligation to follow the instructions/guidelines as observed by Audit in their Audit Observation.

At present, one AM (Civil) is posted under GM, Nagaon Zone who looks after all the civil works, though small in scale. The tenders are floated and after that Zonal Purchase Committee (ZPC)/Circle Level Purchase Committee (CLPC) is held and formal work order is issued to the vendor. This office considerably takes the note of Audit Observation and express its commitment so that no such anomalies shall occur in future.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

8. Reference Paragraph 4.2.1.4 of the Audit Report (Commercial) for the year ended 31 March 1994

FACT OF THE CASE

MISAPPROPRIATION OF CASH

An amount of Rs. 0.85 lakh was drawn in excess towards pay and allowance of Staff of the Howraghat Electrical Division during the period from February 1991 to March 1993 than actually disbursed as per the Acquaintance Roll.

MANAGEMENT REPLY

1. As per records found in Howraghat Electrical Division, Sri Jiban Basumatary, L.D.A. of Howraghat Electrical Division was charge sheeted vide charge sheet No. SED/ESSTT. 41/93/2757 dated 03.11.1993 and suspended vide office order no. 56 dated 12.10.1993 for the misappropriation.

2. Penalty of stoppage of four increments with cumulative effect and recovery of Rs. 93,931.40 was imposed on Sri Jiban Basumatary.

3. Total amount recovered Rs. 94,000 vide office order no. 78(b) dated 19.12.1994.

4. Rs. 10,000 was deposited in cash by Sri Jiban Basumatary at the time of detection on 13.10.1993 and Rs. 84,000 was recovered from his monthly pay bill at Rs. 1,680 p.m. in 50 instalments from January 1995 to February 1999.

5. Rs. 25,976 was recovered as interest in 25 equal monthly instalments from his salary bill from July 2001 and onwards vide office order no. 25 dated 10.07.2001, Memo No. SED/ESSTT-41/2001/1995-97 dated 10.07.2001.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

9. Reference Paragraph 3.4.1 of the Audit Report (Commercial) for the year ended 31 March 1997

EXTRA INTEREST BURDEN ON RE LOAN

FACT OF THE CASE

Overdrawal of Rs. 28.78 crore under inventory loan resulted in extra burden of interest of Rs. 0.29 crore per annum.

MANAGEMENT REPLY

It is a one-time loan offered to borrowers to cope with emergency cash requirements against the resale value of the inventory. REC had introduced in August 1982 a scheme of inventory Loan under which 60% of sanctioned loan in a year is released for purchase of materials and subsequently converted into regular term loan against specific scheme. This loan carries interest at 1% above regular loan. ASEB had to incur an extra interest burden of 28.78 lakh.

At present, REC allows Working Capital Loan to Power Utilities (including Private Sector Borrowers) and State Governments. In case of DISCOMs, extent of loan is up to unused limit of 25% of the DISCOM's previous year's revenue or unused limit of working capital considered by the Regulatory Commission, whichever is lesser & limit shall be subject to Exposure available as per Prudential Norms. Tenure of loan is up to 1 year. No inventory loan is availed from REC Ltd since 2000. Presently APDCL is not availing any such loan.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

10. Reference Paragraph 3.4.2 of the Audit Report (Commercial) for the year ended 31 March 1997

NON-UTILIZATION OF RE FUNDS

FACT OF THE CASE

ASEB utilised fund of Rs. 82.76 crore for other purposes.

MANAGEMENT REPLY

ASEB utilised fund of Rs. 82.76 crore for other purposes. As per prevailing practice of REC, it will submit proposal to Ministry of Power for release of funds for further release to Utility when all formalities for release to utilities are completed to ensure minimum time gap between receipts of funds by REC from Ministry of Power and release to utilities by REC.

On request from REC and after satisfying that the conditions specified for release of particular instalment have been complied with, Ministry of power shall release fund against that particular instalment to REC's dedicated bank account.

On request from Utilities, REC shall release funds to the dedicated bank accounts of utilities operational under existing schemes. And the funds are utilized for the purpose which it is sanctioned. Hence, diversion of REC fund now a days is not possible.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

11. Reference Paragraph 3.5 of the Audit Report (Commercial) for the year ended 31 March 1997

NON-RECEIPT OF SUBSIDY

FACT OF THE CASE

ASEB could not receive subsidy of Rs. 662.30 crore due to precarious resources position of State Government.

MANAGEMENT REPLY

Such things happened earlier on some occasion. But at present in case of all ongoing RE schemes, subsidy is received at regular interval after observing all formalities along with physical progress which is uploaded in REC portal.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

12. Reference Paragraph 3.6 of the Report (Commercial) for the year ended 31 March 1997

PHYSICAL PERFORMANCE

FACT OF THE CASE

ASEB did not adopt realistic planning for implementation of RE Programme.

MANAGEMENT REPLY

At the initial stage of schemes such drawbacks may take place. But in case of current ongoing schemes proper planning and implementation is done. Project in charge is engaged to look after the physical works.

3 tier quality monitoring system is done to verify the connectivity matter i.e., Third Party Inspection (TPI)/Project Monitoring Agency (PMA), REC Quality Monitoring (RQM) and National Quality Monitoring (NQM).

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **The Committee directed to submit an action taken report regarding RE-programme implementation along with future planning and programme before the Committee within three months.**

13. Reference Paragraph 3.7.2 of the Audit Report (Commercial) for the year ended 31 March 1997.

DISCREPANCIES IN REPORTED FIGURE

FACT OF THE CASE

Out of 20,224 census villages declared as electrified up to March 1997, names of only 16,874 Villages (population 134.59 lakh) figured in 1991 census Report. The discrepancy of 3,350 (20,224-16,874) electrified villages (cost Rs.35.85 crore at an average rate of Rs. 1.07 lakh per village) was yet to be investigated and reconciled by ASEB.

MANAGEMENT REPLY

At the initial stage of schemes such drawback may take place. But in case of current ongoing physical works. Three tier quality monitoring system is done to verify the connectivity matter i.e., Third Party Inspection (TPI)/Project Monitoring Agency (PMA), REC Quality Monitoring (RQM) and National Quality Monitoring (NQM).

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **The Committee directed to submit a current status report before the Committee within three months.**

14. Reference Paragraph 3.7.3/3.7.4 of the Audit Report (Commercial) for the year ended 31 March 1997

ELECTRIFICATION WITHOUT CHARGING LT LINES

FACT OF THE CASE

Paragraph 3.7.3: 2,626 villages were declared electrified without charging LT lines and without releasing any service connection.

Paragraph 3.7.4: Non completion of electrification work in 2,626 villages resulted in locking up of funds of Rs. 28.10 crore with consequent interest liability of Rs. 3.51 crore per annum.

MANAGEMENT REPLY

Above mention data is not available in this office records. However, during implementation of present schemes such woks are done.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

15. Reference Paragraph 3.7.5 of the Audit Report (Commercial) for the year ended 31 March 1997

ELECTRIFICATION OF NON-CENSUS VILLAGES

FACT OF THE CASE

Total expenditure on 1,793 non census villages amounted to Rs. 19.19 crore which could have been utilised for electrification of census villages.

MANAGEMENT REPLY

Above mention data is not available in this office records. However, during execution of present ongoing schemes habitation of census revenue villages are only electrified.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

16. Reference Paragraph 3.8.1 of the Audit Report (Commercial) for the year ended 31 March 1997

CLOSURE OF REC SCHEMES

FACT OF THE CASE

Failure to achieve the target resulted in insufficient contribution to revenue generation and affected the viability of the schemes.

MANAGEMENT REPLY

Such non-viability of achievement of schemes may happen due to lack proper knowledge of implementation of schemes. But at present in case of ongoing schemes proper implementation of schemes is done.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

17. Reference Paragraph 3.8.2 of the Audit Report (Commercial) for the year ended 31 March 1997

CLOSURE OF REC SCHEMES

FACT OF THE CASE

2,722 villages could not be electrified due to failure of ASEB to avail sanctioned loan of Rs. 41.23 crore.

MANAGEMENT REPLY

An amount of Rs. 207.62 crore was sanctioned by REC. As against this ASEB could draw only Rs. 166.39 crore and hence failed to avail sanctioned loan of Rs. 41.23 crore against closed area scheme due to slow progress of work. As per this scheme out of 17,760 new villages, only 15,038 villages came under closure scheme in August 1995. Thus, balance of 2,722 villages could not be electrified due to expiry of the scheme period.

In this connection, it is worth mentioning that after Saubhagya Scheme, now APDCL has around 63 lakh consumers. APDCL is expecting to further cover up around 4.80 lakh households under second phase of Saubhagya by March 2022.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

18. Reference Paragraph 3.8.3 of the Audit Report (Commercial) for the year ended 31 March 1997

SPECIAL CATEGORY SCHEME

FACT OF THE CASE

Delay in procurement of land resulted in non-execution of three improvement schemes.

MANAGEMENT REPLY

Such delay may have had taken place. But in case of all ongoing schemes if such issue arises regarding procurement of land for new substation, then immediate steps are taken for liasioning with district authority for handover of land as targeted timeline for completion is fixed. And if delay occurs then in few cases APDCL goes for augmentation of existing sub-station within same district as per field requirement.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para with a warning not to repeat such act in future.

19. Reference Paragraph 4.2.1.5 of the Audit Report (Commercial) for the year ended 31 March 1997

NON-REALISATION OF MATERIALS FROM A CONTRACTOR

FACT OF THE CASE

Mirza Electrical Division awarded (April 1991) the work for construction of 11KV Low Tension Line (LT line) including sub-station at Sualkuchi village at a total cost of Rs. 0.12 lakh to a contractor of Guwahati. As per the terms, construction materials were to be issued by ASEB and works were to be completed within one month. Accordingly, line materials worth Rs. 2.02 lakh were issued to the contractor. It was noticed that neither the work was completed, nor the materials were realised from the contractor resulted in locking up of funds valued at Rs. 2.02 lakh for over 5 years and consequential loss of interest of Rs. 1.82 lakh.

MANAGEMENT REPLY

A construction work in respect to 11 KV LT line and a sub-station was allotted to a contractor in the year 1991 from Khetri ESD, that is to be executed in Sualkuchi village under Mirza Electrical Division and accordingly utilization certificate was issued by the executing Division. However, later the new Assistant Executive Engineer of the Division reported non-completion of the work. Accordingly, the Executive Engineer of the Division asked the contractor to return the materials or complete the work in all respect. The error pointed out by Audit is duly acknowledged. It is to inform that during that period such type of contract works were allotted to contractor just for labour supply and materials were supplied by ASEB. But now works are allotted fully on turnkey basis and considering this it can be said that at present, there is no such scope of anomalies in execution of works.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

20. Reference Paragraph 4.2.1.6 of the Audit Report (Commercial) for the year ended 31 March 1997

LOSS DUE TO SHORTAGE OF STOCK

FACT OF THE CASE

Khetri ESD received 327.10 KMS of conductors for works relating to electrification of villages. When it was wound up in October 1993, out of 78.70 kms conductors which remain unissued, only 7.50 kms were handed over to Jagiroad ESD and the balance quantity of 71.20 kms, valued at Rs. 4.08 lakh remained out of ASEB's stock account.

MANAGEMENT REPLY

In October 1993, as per the balance of Priced Store Ledger, during the time of winding up of Khetri ESD, out of 78.70 kms conductors, 7.5 km was submitted to Jagiroad ESD and the remaining balance conductors of 71.20 kms was transferred to the then Mirza Rural Electrification Construction (REC) Division. Supporting documents related to this para could not be traced out for utilization of the conductors. Before the application of ERP software, many offices failed to do proper accounting of receipts and issues of store items resulting in mismatched of Book Stock and Physical Stock. The instant case might fall under this. But with the introduction of ERP module, this risk has tremendously reduced and in some cases even "Zero Error" is observed.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. As there was negligence on the part of the Department the Committee has directed not to repeat such act in future.

21. Reference Paragraph 4.2.1.3 of the Audit Report (Commercial) for the year ended 31 March 1998

NON-REIMBURSEMENT OF STIPEND MONEY

FACT OF THE CASE

Failure of the ASEB to fulfil the conditions prescribed by ASEB of Practical Training (BOPT) for getting reimbursement of stipend money paid to apprentices, resulted in loss of Rs. 0.10 crore.

MANAGEMENT REPLY

The National Apprenticeship Training Scheme (NATS) is implemented under the provisions of Apprentices Act, 1961 by Ministry of Human Resource Development, Government of India. NATS is one year paid On Job Training (OJT) scheme for fresh pass outs of degree in Engineering and Diploma in Engineering to make them more employable by improving their practical knowledge and skills required in their field of work. The Apprentices get opportunity to undergo apprenticeship training in reputed Central Government, State Government and private organizations having excellent training facilities. The trainees of this OJT are called as apprentices.

PROCEDURE TO CLAIM FOR REIMBURSEMENT

The claim should be preferred on quarterly basis in arrears i.e., the apprentices engaged under the Act are to be paid full amount of stipend by the employers in the first instance and a claim are raised later on quarterly basis. From February to March 1998, out of claim of Rs. 16.67 lakh by ASEB, Rs. 7 lakh was allowed as compensation and Rs. 9.67 lakh was disallowed on the ground of non-submission of contract registration number of the apprentices and subsequently becoming time barred. Thus, loss of Rs. 10 lakh as pointed out is acknowledged.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

22. Reference Paragraph 4.2.1.5 of the Audit Report (Commercial) for the year ended 31 March 1998

EXTRA EXPENDITURE ON LEASE FINANCING

FACT OF THE CASE

ASEB decided (December 1995) to procure from Calcutta-based firm capital goods such as transformer, meter equipment, secured meters and insulators etc. through lease financing to be arranged by the firm. Accordingly, order was placed (December 1995) to arrange funds upto Rs. 100 crore from its identified financiers on the condition inter-alia that lease management fee at the rate of 2% during 1995-1996 would be paid. The firm was allowed a fee at the rate of 2.20% during 1996-97. ASEB incurred extra expenditure of Rs. 0.20 crore due to payment of lease management fees higher rate than that allowed by Andhra Pradesh State Electricity Board (APSEB).

MANAGEMENT REPLY

ASEB during FY 1995-96 had decided to procure capital goods from Calcutta based firm through lease management fees at the rate of 2% & 2.20% respectively. Audit scrutiny (February-March 1998) revealed that APSEB had made the similar agreement with the same firm at management fees @1%. The higher rate in comparison to the rates availed by the APSEB was due to the negative net worth of ASEB at that time. Further, ASEB was also at locational disadvantage being operating as North-eastern State due to which also the lesser charged higher rate from ASEB.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

23. Reference Paragraph 4.2.1.6 of the Audit Report (Commercial) for the year ended 31 March 1998

FAILURE TO LEVY REVISED TARIFF AND FIXED CHARGE

FACT OF THE CASE

Failure to revise the category of consumer and non-levy of charges as per revised tariff to the consumer, M/S Indian Oil Corporation Limited (IOCL), resulted in loss of Rs. 0.90 crore.

MANAGEMENT REPLY

The Area Manager, IRCA Ulubari had served four bills amounting to Rs. 90,95,818. As the consumer failed to pay, the services were disconnected on 21.06.2000. But, the Additional Chief Engineer, ASEB instructed the Area Manager, IRCA, to reconnect the service as it was proposed to adjust the bills from IOCL's dues against purchase of Low Sulphur Heavy Stock (LSHS). Likewise, a letter from Chief Engineer (Com), ASEB No. ACE(COM)/PS-10(2)/99/61 dated 19.12.2020 stating the adjustment of outstanding amount payable by ASEB on account of fuel for CTPS was accepted by ASEB and calculated to be Rs. 1013.28 lakh and the adjustment started from January 2001 was issued. Hence, the adjustment of said amount was completed.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

24. Reference Paragraph 3A.9 of the Audit Report (Commercial) for the year ended 31 March 1999

RURAL ELECTRIFICATION

Despite non achievement of electrification of census villages, 1,583 non census villages were electrified.

MANAGEMENT REPLY

Above mentioned data is not available in this office records. However, during execution of present ongoing schemes habitation of census revenue villages are only electrified.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

25. Reference Paragraph 3B.8.1 of the Audit Report (Commercial) for the year ended 31 March 1999

UNMETERED CONSUMPTION

ASEB had 1,58,339 numbers of unmetered consumers as on 31.03.1998.

MANAGEMENT REPLY

At present, there is no unmetered connection. All connections are provided with adequate metering system as per governing regulations.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

26. Reference Paragraph 3B.9 of the Audit Report (Commercial) for the year ended 31 March 1999

SLOW/STOPPED/DEFECTIVE METERS

FACT OF THE CASE

On an average one lakh service meters remained defective as of March 1999. ASEB had therefore to prefer bills on the basis of average consumption of energy. In these cases, the possibility of actual consumption being higher cannot be ruled out.

MANAGEMENT REPLY

Replacement of stopped/defective meters is an ongoing venture for any distribution utility and APDCL is not an exception. However, constrained financials often got the process of replacement delayed. The same is prevalent in most of the State-run distribution utilities. Ministry of Power vide No. F. No. 23/35/2019-R&R dated 17.08.2021 has notified the specific timelines for the replacement of existing meters with smart meters with prepayment feature.

Implementation of smart metering as per the Ministry of Power notification within the specified timeline will address the issue to a large extent except for recurring defects on operation, if any. As the issue is already covered and addressed by Ministry of Power notification dated 17.08.2021, APDCL is compelled to the same.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **The Committee recommends replacement of the defective meters within 31.03.2022 and to submit the report within three months to the Committee.**

27. Reference Paragraph 3B.10 of the Audit Report (Commercial) for the year ended 31 March 1999

PILFERAGE OF POWER

FACT OF THE CASE

The percentage of pilferage cases detected to total connection checked ranged from 63 to 92% which indicates very high incidence of pilferage and against the assessed revenue of ₹ 472.32 lakh, ASEB could realise (March 1999) Rs. 89.67 lakh for the three years ended 1997-98.

MANAGEMENT REPLY

A dedicated Chief General Manager (Anti-Theft and Security) post is created for effective monitoring. A dedicated energy Accounting Cell (EAC) is also created for effective energy accounting for identification and needful to arrest pilferage of energy. A Corporate Enforcement and Vigilance Squad (CEVS) is also in place for special inspection over and above regular inspection/vigilance activities to ensure no pilferage of power. Many IT/OT initiatives are also put in place to stop pilferage of energy at every possible point. Being a capital-intensive venture, execution for installing adequate metering system at every nodal point is carried out in phased manner against different programs (Central as well as State Government funded/own resource).

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

28. Reference Paragraph 3B.11 of the Audit Report (Commercial) for the year ended 31 March 1999

CAPACITOR BANK

FACT OF THE CASE

A project report was prepared in two phases by ASEB for installation of capacitor bank in ASEB's 33KV/11 KV system. The reports for Phase I and Phase II were prepared in November 1997 and May 1998 and the installation of shunt capacitors were to be completed within 2 years and 20 months respectively from the dates of preparation of the reports at a total cost of Rs. 446.40 lakh. The report envisaged annual saving in energy due to reduction in losses to the extent of 21.61 MU valued at Rs. 259.32 lakh (Rs. 1.20 per unit). As stated by ASEB, the schemes could not be implemented due to fund constraints. Hence, due to non-installation of capacitors (108 MVAR) ASEB could not derive the benefits as envisaged.

MANAGEMENT REPLY

Capacitor Banks are used to maintain proper voltage and power factor. During that period, may be the Capacitor Banks were not installed at sub-transmission lines because proper voltage and proper power factor was maintained at the EHV Grid Sub Station.

Also, on-load and off-load Tap Changer were available at both Transmission Sub Station and 33/11 KV distribution Sub-Station. By operating the Tap changers, proper voltage can be maintained. In addition to this, a major chunk of the load was resistive in nature so may be the power factor was around 0.90 to 0.95 due to which the banks were not required. Considering the above facts, Capacitor Banks were not installed at 33/11 KV distribution Sub-Station.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

29. Reference Paragraph 3B.12.1 of the Audit Report (Commercial) for the year ended 31 March 1999

URBAN SCHEMES

FACT OF THE CASE

Failure to implement the urban schemes resulted in loss of 10.48 crore.

MANAGEMENT REPLY

Due to non-availability of funds, the scheme could not be implemented, and it is a matter of fact.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

30. Reference Paragraph 3C.7.2 of the Audit Report (Commercial) for the year ended 31 March 1999

DELAYED PAYMENT OF DUES

FACT OF THE CASE

Due to delayed payment of dues, ASEB could not avail rebate of Rs. 14.06 crore and had to pay penal interest of Rs. 47.14 crore.

MANAGEMENT REPLY

Background: ASEB is entrusted with the duty and responsibility for maintaining supply of power within the state of Assam. ASEB procures power from various power generators and traders and sold it to the retail consumers in Assam. The generators, transmission companies and traders raised the bills to ASEB for supply and transmission of power as per the guidelines of various electricity regulatory authorities. The bills are required to be liquidated within a stipulated time to earn rebate and any delay in liquidating the bill within the stipulated time attracts Delayed Payment Surcharge. The dues are liquated by ASEB from the revenue amount collected from retails consumers.

Rationale: ASEB raises the bills to the retail consumers against supply of power and the retail consumers are provided with a stipulated time for payment of the dues. However due to various reasons like low billing efficiency and collection efficiency, ASEB was not in a position to liquidate the power purchase dues timely and at times has to incur Delayed Payment Sur-Charge on Power Purchase Dues.

Development: Currently APDCL (Erstwhile ASEB) is taking various measures to improve collection efficiency and billing efficiency and taking necessary steps to minimize the burden of Delayed Payment Surcharge and to avail maximum rebate. During 2019-20, APDCL has received delayed payment surcharge bills amounting to Rs. 4.85 crore and in addition APDCL has availed rebate of around Rs. 25.47 crore.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para with a warning to not repeat such acts in future.

31. Reference Paragraph 3C.7.4 of the Audit Report (Commercial) for the year ended 31 March 1999

EXCESS RECOVERY

FACT OF THE CASE

Dues against NHPC as on 31.03.1998 stood at negative balance indicating excess payment.

MANAGEMENT REPLY

As against outstanding dues of NHPC amounting to Rs. 3064.14 lakh as per ASEB's records as on 31.03.1994, Rs. 4268.00 lakh was deducted by Central Government from central plan assistance as claimed by NHPC which led to disputed excess recovery of 1203.86 lakh. Although the matter was taken with state government, no action to settle the dispute with NHPC was taken up.

However presently, APDCL has long term Power Purchase Agreement (PPA) with NHPC which was renewed in 2016. Monthly intake of power is around 31 MW @ Rs. 3.24 per unit which is billed by NHPC towards APDCL. Then figures are regularly reconciled at both ends and are also audited.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **The Committee has directed the Department to communicate with the Central and State Government to resolve the matter and to give a report to the Committee within three months.**

32. Reference Paragraph 3C.7.9 of the Audit Report (Commercial) for the year ended 31 March 1999

EXCESS HOLDING OF CAPITAL STOCK

FACT OF THE CASE

As per physical verification reports in respect of 55 units out of 78 units, the value of obsolete and unserviceable stores as on 31 March 1998 was Rs. 126.14 lakh. This indicates that funds which could have been utilised for clearance of dues were spent on procurement of stores which were not required in immediate future.

MANAGEMENT REPLY

Stock of capital items increased from Rs. 130.19 crore in 1994-95 to Rs. 145.01 crore in 1997-98. It was also pointed out that value of obsolete and unserviceable stores stood at Rs. 126.14 lakh which indicated that stores were not fully utilised. It is acknowledged under the manual system of accounting, due to certain wrong accounting treatment, difference in physical stock and book stock were noticed. However, presently APDCL accounts are prepared through ERP environment. Under MM Module of ERP, proper receipts and issue accounting are made every year which are tallied with the physical verification report received from around 88 accounting units. Hence the problems stated in the para are minimised to large extent and we are contemplating 'zero errors' in this respect.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

33. Reference Paragraph 3C.7.11 of the Audit Report (Commercial) for the year ended 31 March 1999

NON-RECEIPT OF SUBSIDY

Total amount claimed by ASEB upto 1997-98 amounted to Rs. 766.96 crore which was not paid by the State Government.

MANAGEMENT REPLY

This subsidy referred was agreed upon by State Government to provide to ASEB on account of loss on operation and maintenance of rural electrification work. Non receipt of the subsidy might have affected adversely the wage and means of then ASEB in undertaking rural electrification work. However, presently the matter could not be stated due to lack of available records.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

34. Reference Paragraph 3C.7.12 of the Audit Report (Commercial) for the year ended 31 March 1999

DELAYED REMITTANCE BY BANK

FACT OF THE CASE

ASEB lost interest of Rs. 45.14 lakh during 1990-91 to 1997-98 for delayed in remittance by various bank branches.

MANAGEMENT REPLY

The prime banks where the revenue amounts are deposited at ESDs/IRCAs are SBI, PNB, UCO and CBI. During the period of audit i.e., 1990-91 to 1997-98 there were very few branches of the aforesaid banks for the

ESDs/IRCA's. In remote areas and even in most of the areas of ESD there were no banks. Therefore, the concerned revenue collecting offices had to depend on the bank branches which are nearest to the ESD office. In such cases the concerned banks branches were doing monopoly business and did not follow the rule of remittance of APDCL (then ASEB) i.e., revenue amount to be remitted in multiples of 1000 daily to Head Quarter bank account. Though various steps were taken at that time the bank branches did not adhere to APDCL's instruction/request.

And due to non-availability of other bank branches in that locality nearest to the ESD, it was not possible for the ASEB (now APDCL) to shift the bank account to other bank branches. Further, during that period there was no such facility in banks such as auto-sweep facility, interest banking, online viewing rights, etc. which have been developed only in the last 10-15 years.

Due to the above situation and circumstances, it was not possible at the end of ASEB (now APDCL) to strictly enforce them to remit the revenue amount daily and regularly which resulted in loss of interest for ASEB as stated in the Audit para. However, now various steps have been taken up such as auto sweep of remittance of the SBI branches, online viewing rights facility for better monitoring of revenue remittance etc. which resulted in regular and daily revenue remittance to Headquarter bank accounts by the bank branches.

Further, now many bank branches have been opened by various banks within in the vicinity of ESDs and the remittance activity is being closely monitored and the bank branches that are not remitting revenue regularly are being shifted to other bank branches. Thus, after taking the above steps, the revenue remittance flow to Headquarter account has been streamlined and regularized and now such situation as described in the audit para does not arise and due to which the liquidity position of APDCL has improved to a great extent.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

35. Reference Paragraph 4.2.1.1 of the Audit Report (Commercial) for the year ended 31 March 1999

LOSS DUE TO SHORT LEVY OF FIXED CHARGE

FACT OF THE CASE

Wrong fixation of connected load resulted in loss of Rs. 26.22 lakh to the ASEB.

MANAGEMENT REPLY

Due to wrong consideration of diversity factor, the total connected load was reflected in the test report as 2,212 KVA instead of 2,500 KVA. Now as per supply code, whenever a consumer's connected load is beyond the capacity of the transformer the fixed charge should be realized on the transformer capacity of the consumer. As such in that manner, APDCL has incurred a loss in terms of Fixed Charge for the period September 1995 to September 1998. However, as per order No. ACE/GZ/Acctts/96/173/AAL-A/99/49 dated 11.04.2001, a supplementary bill amounting to Rs. 17,17,390 was served to the consumer on 31.07.2001 which was duly paid by the consumer vide Rt. No. 321 dated 27.08.2001. The fixed charge billed w.e.f. September 1995 to September 1998 has already been realized.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

36. Reference Paragraph 4.2.1.2 of the Audit Report (Commercial) for the year ended 31 March 1999

UNDUE BENEFIT TO A CONSUMER

FACT OF THE CASE

Irregular reduction of quantum of penalty in violation of terms and conditions resulted in undue benefit of Rs. 10.03 lakh to a consumer, named M/S Kamrup Paper Mills Ltd, Amingaon.

MANAGEMENT REPLY

The assessment bill for malpractice for an amount of Rs. 10,33,200 was served on the consumer by IRCA on 26.04.1996 vide bill no. 11983/051. The consumer placed an appeal before the Hon'ble High court, and the Court directed payment of 25% of the bill by 07.06.1996 and stayed disconnection of the line. Subsequently, on appeal by the consumer to the Additional Chief Engineer (Com) and as per direction of the Hon'ble High Court, the period of 6 months was reduced to 14 days only on consideration that the junior engineer while going for meter reading 14 days ahead of the date of detection have never pointed out any defect in the metering system in their meter reading book. An appellate authority is a quasi-judicial body an appropriate authority to finalize the assessment amount. As such the period of assessment bill was reduced to 14 days as per the verdict of the Appellate Authority.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

37. Reference Paragraph 2A.7.1 of the Audit Report (Commercial) for the year ended 31 March 2000

FAILURE RATE OF DISTRIBUTION TRANSFORMERS

FACT OF THE CASE

The percentage of damaged transformer to the transformers in service during the last five years ended 1998-99 ranged between 7.30 per cent and 10.03 per cent. ASEB did not fix norms for damage rate of distribution transformers but considered the above damage rate as high. However, no effective remedial measure were taken by ASEB to curb the high failure rate.

MANAGEMENT REPLY

Although the rate of damaged transformers was high, the damaged transformers were either replaced/repaired by the manufactured/supplier the same was under warranty period. For the transformers, those were damaged after warranty period, the same were repaired from time to time as there was no sufficient repairing service provider during that period.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **The Committee recommends submission of a detailed report regarding replacement of damaged distribution transformers before the Committee within three months.**

38. Reference Paragraph 2A.7.2 of the Audit Report (Commercial) for the year ended 31 March 2000

PREMATURE FAILURE OF DISTRIBUTION TRANSFORMERS

FACT OF THE CASE

A scrutiny of scrap survey report (June 1997) of Central Stores Guwahati revealed that in respect of 113 transformers, ASEB lost Rs. 18.88 lakh (cost of unutilized years of service) due to premature failure of transformers.

MANAGEMENT REPLY

Due to lack or infrastructural facilities and expenses related to such infrastructure along with fund constraints, sufficient manpower etc. the mentioned reason for failure of transformers could not be avoided. Also, preventive maintenance could not be taken up due to lack of sufficient manpower and other facilities required for such maintenance.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

39. Reference Paragraph 2A.8 of the Audit Report (Commercial) for the year ended 31 March 2000

REPAIR OF TRANSFORMER

FACT OF THE CASE

As on November 1999, 2715, numbers of damaged transformers were lying unrepaired in 11 circles.

MANAGEMENT REPLY

Rate of repairing of transformer were low due to non-availability of sufficient service providers for repairing. Also due to fund constraints, timely repairing and facilities/infrastructure for in-house workshop could not be incorporated.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

40. Reference Paragraph 2A.9 of the Audit Report (Commercial) for the year ended 31 March 2000

INADEQUATE REPLACEMENT OF DAMAGED TRANSFORMER

FACT OF THE CASE

Out of 8677 transformers failed during the period 1994-95 to 1998-99, 3773 nos (44%) could be replaced by the end of March 1999. Although the number of transformers yet to be replaced stands at 5249, considering minimum nos (1454) of transformers remaining unreplaced during the above 5 years and also considering the above transformers to be of 25 KVA capacity, loss of revenue at the rate of Re.1 per unit worked out to ₹ 1273.70 lakhs.

MANAGEMENT REPLY

Due to fund constraints and as a resultant delay in policy making, transformers could not be procured in a time-based manner and as a result, the losses are inevitable. However, the quality of power supply has been a topmost priority for APDCL, and efforts are being made continuously for rectifying the damaged transformer for quality power supply and reduction in losses.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

41. Reference Paragraph 2A.10 of the Audit Report (Commercial) for the year ended 31 March 2000

SCRAPPING AND DISOPSAL OF TRANSFORMERS

FACT OF THE CASE

Due to delay in disposal of damaged transformers ASEB's fund to the tune of Rs. 86.86 lakh (considering the lowest rate of Rs. 80 per KVA received in December 1998) remained locked up for more than 3 years which could have otherwise been utilised to meet the shortfall in availability of transformers.

MANAGEMENT REPLY

Due to lack of uniform policy for scrapping and disposal of transformer, the transformers could not be disposed in a timely manner. It is a statement of fact. However, APDCL is in constant endeavour for disposal the transformer in a time bound manner.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

42. Reference Paragraph 2A.11 of the Audit Report (Commercial) for the year ended 31 March 2000

IMPROPER LOAD MANAGEMENT

FACT OF THE CASE

9 sub-stations were holding surplus/idle capacity of more than 2.5 MVA individually which, if valued at current cost of Rs. 2.98 lakh per MVA (cost of 2.5 MVA being Rs. 7.45 lakh), worked out to an idle investment of Rs. 135.71 lakh.

MANAGEMENT REPLY

Due to found constraint load management upto the optimal level could not be achieved in the absence of sufficient substation. In this scenario proper load management could not be achieved. At present with the help of several State and Central government aided scheme emphasis is given to development of power infrastructure.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **In this regard, the Committee recommends submission of a detailed report regarding power infrastructure development before the Committee within three months.**

43. Reference Paragraph 3.8.1 of the Audit Report (Commercial) for the year ended 31 March 2007

FUNDING PATTERN

FACT OF THE CASE

Due to delay in release of funds to ASEB, the State Government was liable to pay penal interest of Rs. 13.43 crore.

MANAGEMENT REPLY

The State Government was required to release APDRP funds to Power Utility within a week of the same amount being credited to the State Government Account. On the contrary if the fund is diverted then 10% of penal interest is to be released to the State Government. Under the given situation it was reported to incur the penal interest of Rs. 13.43 crore.

Under the present situation such penal interest is not incurred by the Utility. Under exceptional circumstances the fund may be utilised in inter-project account, however, the recoupment is made subsequently.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

44. Reference Paragraph 3.9.1 of the Audit Report (Commercial) for the year ended 31 March 2007

NON-COMPLIANCE OF PROVISIONS OF MOA

FACT OF THE CASE

Non preparation of list of accredited contractors resulted in delay in implementation of project.

MANAGEMENT REPLY

On every occasion APDCL invited qualifying bids separately from the contractors, and the fact of delay of execution of projects is acknowledged. However, under the present situation APDCL do have list of empanelled contractors where the stringent parameters are being followed.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

45. Reference Paragraph 3.9.2 of the Audit Report (Commercial) for the year ended 31 March 2007

NON-STANDARDISATION OF BID DOCUMENTS

FACT OF THE CASE

For similar nature of works, the bidders' qualifying requirements differed from project to project, e.g., as per Clause-3.2 of the bid documents for Kokrajhar Electrical Circle, one of the qualifying requirements was that the bidder must have erected transformers of different ratings equivalent to 50 MVA capacity during the five years preceding the bid opening day. This criterion was, however, missing in the bid documents of Cachar Electrical Circle.

MANAGEMENT REPLY

Certain weak points were noticed by Audit on standardisation of bid documents. They have specifically mentioned about clause 3.2 of the bid documents for Kokrajhar Electrical Circle where such weaknesses were noticed. This sort of things happened in the past which is acknowledged. However, from our side we beg to lay down following w.r.t. the Standard Bid Documents.

As per Standard Bid Document circulated by Ministry of Power from time to time, the bid documents have been standardised and generally divided into two volumes: Volume 1 contains general conditions of contract which includes Bid Evaluation, Scope of Work, Payment Terms, Performance Security and qualifying criteria, etc. and Volume 2 contains technical specifications which may include inspection, testing and operational acceptance project management and implementation, plan & maintenance and support services.

We have in-house internal audit wing which thoroughly checks whether these standard procedures are incorporated and repot to the management about non-disclosure and non-compliance.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

46. Reference Paragraph 3.9.3 of the Audit Report (Commercial) for the year ended 31 March 2007

DILUTION OF TURNKEY CONCEPT

FACT OF THE CASE

It was noticed that while implementing the projects, ASEB neither adopted rate contract nor turnkey system. This resulted in delay of more than two years in finalisation of the tenders with consequent cost overrun of Rs. 13.10 crore (Revised cost: Rs. 73.29 crore minus original cost: Rs. 60.19 crore) for three projects.

MANAGEMENT REPLY

It is a statement of fact. Due to lack of proper execution related to turnkey concept delay in execution of project occurred.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

47. Reference Paragraph 3.10.1 of the Audit Report (Commercial) for the year ended 31 March 2007

DELAY OF 2-37 MONTHS IN COMPLETION OF APDRP PROJET DUE TO LACK OF PROPER PLANNING

FACT OF THE CASE

Against 23 packages (against 15 projects) due for completion by May 2007, one package was completed in time, two packages were completed with a delay of 11 months and the remaining 20 packages have not so far (July 2007) been completed even after expiry of two to 37 months from the stipulated date of completion. Thus, due to delay in completion of these works, the intended financial benefits i.e., increase in revenue due to reduction in T&D losses, improvement in billing and collection of revenue, etc., could not be achieved.

MANAGEMENT REPLY

Delay in completion of the project could not be attributed to proper infrastructure constraint. Often the geographical barrier of this region, RoW issues and issue of lack of locally available of materials were some price causes that affected project completion periods by the concerned contractors.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

48. Reference Paragraph 3.10.3/3.10.4/3.10.5 of the Audit Report (Commercial) for the year ended 31 March 2007

DEFICIENCIES IN PERFORMANCE OF CONTRACTS

FACT OF THE CASE

As per the contract, the contractor was entitled to maintenance charges (software) at the rate of Rs. 20,000 per month for one year after successful implementation of the package. Although, the work remained incomplete (March 2007), ASEB paid Rs. 19 lakh as maintenance charges for one year i.e. April 2005 to March 2006, which resulted in undue benefit to the contractor. Further, computerisation of billing in nine field sub-divisions was not taken up (July 2007) either due to non-completion of data entry by the

contractor or lack of space for work. The progress of actual achievement in metering in respect of nine circles furnished by the Nodal Officer also did not tally with the progress report furnished by sub-divisional officers.

MANAGEMENT REPLY

The transitional phase from manual to computerization started with a voluminous manual ledger, resultant in some sort of error and omission. These have subsequently been rectified in due course. Moreover, the limitation in regard of the then software system, APDCL was compelled for manual billing in certain cases.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

49. Reference Paragraph 4.8 of the Audit Report (Commercial) for the year ended 31 March 2008

UNDUE BENEFIT TO CONSUMERS

FACT OF THE CASE

Inspection of the metering equipment installed at the premises of the Steel Melting unit of Gemson Melt (P) Limited at Guwahati (Consumer no. L/PC-69, connected load 1530 KW) by the Meter Testing and Inspection Division on June 1999 wherein the plastic seal of the Current Transformer (CT) secondary cover was found damaged and tempered. Accordingly, compensation bill of Rs. 27.92 lakh was raised.

MANAGEMENT REPLY

The court case of M/S Gemson Melt (P) Ltd. was pending before the Court for a long period and as a result an amount of Rs. 13.96 lakh (50% of the total assessment bill) was blocked. It was noticed that such types of outstanding dues were not possible to recover as per laid down procedure and only special measures could resolve such issues.

During 2006-07 records reveal that there was huge outstanding payable by the consumers and receivables touched more than 150 days of current revenue demand. Analysis of accounts revealed that almost 50% of the outstanding dues were against the consumers who have filed court cases and against disconnected consumers where power supply was disconnected long back. With a view to reducing the outstanding dues, ASEB introduced some special schemes time to time to encourage such type of consumer and to motivate them for payment of their dues. As per the schemes, ASEB was able to recover sizeable amount of outstanding dues.

Settlement of dispute outside court on mutually agreed terms introduced vide resolution No. 4 dated 07.08.2001 and resolution No. 14 dated 24.09.2001 was one of such schemes. The scheme was introduced vide office order no. ACE (Com)/CC (O)/DSC/2001/5 dated 13.11.2001. The case of M/s Gemson Melt (P) Ltd. was settled in accordance with the above scheme.

The consumer paid 50% of the amount (Rs. 13.96 lakh) at the time of appeal. The balance amount was recalculated as per amicable settlement considering the maximum consumption recorded by the meter when the metering system was in order (July 1998) instead of considering load factor and demand factor. The re-calculated assessment was Rs. 17.98 lakh. As the consumer already paid Rs. 13.96 lakh, the amount to be paid was Rs. 4.02 lakh.

The consumer paid the amount of Rs. 4.02 lakh within the stipulated time. As such there was no further claim against the consumer and no scope to levy surcharge in view of the fact that the matter was settled on mutually agreed terms.

The consumer was permanently disconnected on consumer's request on 29.9.2011 after clearance of all dues as per norms.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

50. Reference Paragraph 4.9 of the Audit Report (Commercial) for the year ended 31 March 2008

LOSS OF REVENUE DUE TO FAILURE TO TAKE TIMELY ACTION

FACT OF THE CASE

Failure to issue regular bills to permanent disconnected consumer as per clause 23(a) of the Terms and Condition of Supply (TCS) as issued by the erstwhile ASEB resulted in non-realisation of revenue of Rs. 37.44 lakh.

MANAGEMENT REPLY

There are four members of ESDs involved in this para, viz. Hajo ESD, Sualkuchi ESD, Amingaon ESD and Jalukbari ESD. It is acknowledged that there were mistakes in serving bills on time and resultantly certain consumers had become PDC. These PDC consumers were untraceable and hence amount could not be realised. However, an amount of Rs. 13.31 lakh could be realised. As, most of the PDC consumers have become Ghost Consumers, the matter was referred to the Board of Directors of APDCL as had been approved by Commercial Section and Board of Directors declared the same as Bad debts vide letter No. APDCL/CGM/COM&EE)/Ghost consumer/2018-19/23 dated 10.01.2020 for the balance amount.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

51. Reference Paragraph 4.10 of the Audit Report (Commercial) for the year ended 31 March 2008

IRREGULAR REVISION

FACT OF THE CASE

Downward/reassessment of supplementary bill no 090 dated 13.08.1997 for Rs. 6.55 lakh on the basis of actual energy consumption for 3 months after replacement of the defective meter was served on the consumer (consumer No. LP/J 145) and surcharge amounting to Rs.14.75 lakh for delayed payment was not levied and realized.

MANAGEMENT REPLY

1. The bill amounting to Rs. 6.55 lakh was a supplementary bill raised for the period of defects in the metering unit. This is not an assessment bill under the clause 22 of T&C supply for malpractice. Thus, the provision of requirement of 50% deposit as per clause 22(f) (i) (a) is not applicable in such cases. It is a complaint against excessive billing and not an appeal as per provision of 22 (f) (i) (a). The payment of Rs. 1 lakh is an advance payment only, pending disposal of the dispute.

2. The decision of downward revision of the bill was not a decision of Addl. Chief Engineer (Com-Rev). The matter was decided by the BoD vide

resolution no. 9 dated 26.03.2007. Thus, the question of violation of T&C of Supply by the Addl. Chief Engineer (Com-Rev) does not arise in the instant case.

3. The reasons for the delay in disposal of the consumer complaint and decision of downward revision was tried to be explained in the agenda note and perhaps this may clarify the whole matter.

4. As the original bill raised by IRCA, GEC-I was not found to be rational, the same was quashed by the BoD and it was decided to raise supplementary bill amounting to Rs. 1.56 lakh only. BoD's decision was conveyed to the Area Manager, IRCA, GEC-I by the Additional Chief Engineer (Com-Rev). Accordingly, the Area Manager, raised the supplementary bill, amounting to Rs. 0.56 lakh after deducting Rs. 1 lakh paid in advance and the consumer paid the amount of the bill within the stipulated date, in compliance of the BoD's decision. As such there was no scope to levy the surcharges on the consumer.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

52. Reference Paragraph 4.5 of the Audit Report (Commercial) for the year ended 31 March 2009

UNREALISED REVENUE AGAINST DEFAULTING CONSUMERS

FACT OF THE CASE (BISWANATH CHARIALI ELECTRICAL DIVISION)

Failure to take appropriate action in time resulted in accumulation of arrears of Rs. 1.01 crore from 418 consumers under Biswanath Chariali Electrical Division as per rule 23(a) of the Terms and Condition of Supply (TCS), 1998 as issued by the erstwhile ASEB which remain unrealised.

MANAGEMENT REPLY

There are four ESDs under Biswanath Chariali Electrical Division, namely, Biswanath Chariali ESD, Sootea ESD, Gohpur ESD and Jamuguri ESD. Scrutiny of records of consumer ledgers of four ESDs under the Biswanath Chariali Electrical Division of the company indicated that the outstanding dues of energy bill exceeded the load security of 418 consumers. However, at present all the consumers are disconnected before exceeding the outstanding dues of energy bills against the load security amount.

NON-REALISATION OF ARREAR AGAINST CONSUMERS FOR RS. 24.95 LAKH

FACT OF THE CASE (MORIGAON DIVISION)

On scrutiny of records of Laharighat ESD under Morigaon Division, indicated that in respect of 91 domestic consumers, the outstanding dues accumulated to Rs. 24.95 lakh as per clause 23(a) of the Terms and Condition of Supply (TCS) as issued by the erstwhile ASEB.

MANAGEMENT REPLY

On scrutiny of the consumer ledgers of the ESD, it is found that the consumers with higher outstanding are either temporarily disconnected or permanently disconnected.

- Number of TDS (Temporary disconnected consumers) = 41 (involvement amount of Rs. 11.96 lakh)
- Number of PDC (Permanent disconnected consumers) = 28 (involvement amount of Rs.12.25 lakh)
- Number of consumers mentioned twice = 13 (involvement amount of Rs. 3.88 lakh)
- Number consumers paid their dues = 9 (Realised amount = 1.35 lakh)

At present, the TDC consumers are served bills with fixed charge and PDC consumers are served bills after every six months.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

53. Reference Paragraph 4.6 of the Audit Report (Commercial) for the year ended 31 March 2009

DEFICIENT COMPUTERISED BILLING SYSTEM OF LOW-TENSION CONSUMERS

FACT OF THE CASE

The objective of 100% computerised billing as envisaged at the time of initiating the project has not been achieved despite spending an amount of Rs. 5.60 crore and in this respect, audit pointed some deficiencies in implementing the project. Also, audit observed inadequate general, physical, and logical access controls.

MANAGEMENT REPLY

The period mentioned was a transition period from the manual billing. The billing software used at that point of time was named Power CBS (commissioned under APDRP scheme of Government of India). The nature of the Computerised Billing System was a distributed system, and the individual software was separately installed at each of the billing locations with no Wide Area Network/Centralized communication network whatsoever and therefore no software operations could be initiated/controlled from central HQ or data made available at HQ. The operations on the computerized billing software for regular billing & collection work was carried out in the field offices like ESDs & IRCA under Central Assam/Lower Assam region. The audit was carried out at those field office locations and the same is reflected in the audit report.

However, to avoid such IT operational issues, a centralised data centre – SAP based billing software was commissioned in 2013 under R-APDRP Scheme in 67 urban areas/towns handling approximately 45% of revenue at that point of time. Investment in manpower and technology resulted in a fully centralized cloud-based billing software (ARMS) in the year 2019 – catering to 100% of APDCL consumer base and all the discrepancies as mentioned in the audit para related to software use during that period has been taken care of in the new billing software.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

54. Reference Paragraph 1.31 of the Audit Report (Commercial) for the year ended 31 March 2011

IMPORTANT COMMENTS IN RESPECT OF ACCOUNTS OF COMPANIES

FACT OF THE CASE

Overstatement of Reserve & Surplus by Rs. 30.17 crore with corresponding overstatement of cumulative deficit by similar amount including loss for the year by Rs. 5.90 crore and the same was not recognised in the books of accounts of the company, being successor of ASEB as income as per AS-12.

MANAGEMENT REPLY

The procedure of accounting for the amount receivable from Pension Trust on account of the General Provident Fund as Other Reserve was discontinued from the financial year 2011-12 and the accumulated balance in the Other Reserve head was rectified and recognised as prior period income in the same year. Since then, the amount receivable from Pension Trust on account of past unfunded liability of GPF has been recognised as income in the books of APDCL.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

55. Reference Paragraph 2.10.9 of the Audit Report (Commercial) for the year ended 31 March 2011

DELAY IN HANDING OVER OF COMPLETED VILLAGES TO SUB-DIVISION

FACT OF THE CASE

12 to 64% of villages were handed over in 5 districts where electrification was completed. Villages where electrification was completed were not handed over to the respective sub-divisions, mainly because of lack of proper co-ordination between the contractors and the sub-divisions and non-submission of records by contractors in five cases etc. Delay in handing over has a negative impact on revenue collection and occurrence of theft of electricity also could not be ruled out.

MANAGEMENT REPLY

Delay in handing over of completed villages to ESD may happen due to operational constraints like overloading of transformer, non-changing of 33/11KV sub-station etc. but at present in case of ongoing schemes proper implementation of schemes is done and handover over of works is taken by APDCL only after charging of new infrastructure and providing service connection to households.

OBSERVATION AND RECOMMENDATION

After a threadbare discussion with the Managing Director, APDCL and the Secretary to the Government of Assam, Power Department and other Departmental representatives, the Committee has decided to drop the para. **The Committee directed the Department to submit a detailed report regarding present status of handing over of completed villages to ESDs within three months.**

56. Reference Paragraph 2.10.11 of the Audit Report (Commercial) for the year ended 31 March 2011

NON-BILLING OF BPL CONSUMERS

FACT OF THE CASE

Scrutiny of records at four electrical sub-divisions revealed that out of 5,200 BPL households which were provided service connection up to 31 March 2011, only 2,849 BPL households were handed over to the sub-divisions of which, only 1,237 BPL households (23.79 per cent) were billed by the sub-divisions.

MANAGEMENT REPLY

Stringent instructions are already in place to monitor release of BPL connections and billing thereof.

OBSERVATION AND RECOMMENDATION

The Committee satisfied with the written reply as well as oral deposition made by the departmental representatives and decided to drop the para.

2022
Printed at the Assam Govt. (Mini) Press
Dispur, Guwahati-6.