

Chapter-III

Social and Economic Sectors (Public Sector Undertakings)

Chapter-III

Social and Economic Sectors (Public Sector Undertakings)

3.1 Introduction

3.1.1 Status of Public Sector Undertakings

The Economic Sector (PSUs) comprises 20 departments. Some of the major departments in this Sector are Industries, Power, Transport, Tourism, Animal Husbandry and Fisheries, Agriculture, Information Technology and, Village and Small Industries. The total number of Companies and Statutory Corporations in the State are 22 and two (02) respectively. The working State PSUs registered a turnover of ₹ 4,042.00 crore (*Appendix 3.1*) as per their latest finalized annual accounts as of September 2013. A majority of the State PSUs are in the power sector. As on 31 March 2013, there were 24 PSUs as detailed in **Table 3.1.1**.

Table 3.1.1

Type of PSUs	Working PSUs	Non-working PSUs ¹	Total
Government Companies ²	18	04 ³	22
Statutory Corporations	02	-	02
Total	20	04	24

None of these companies were listed on the stock exchange. No company was created/ merged or wound up during the year 2012-13.

3.1.2 Audit Mandate

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* or above of the Paid up Capital is held by the Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the Paid up Capital is held in any combination by the Government(s), Government companies and corporations controlled by Government(s) is treated as if it were a Government company (Deemed Government Company) as per Section 619-B of the Companies Act.

The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) under Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG under Section 619 of the Companies Act, 1956.

Audit of Statutory Corporations is governed by their respective Legislations. There are only two statutory corporations in the State. Of the two Statutory Corporations, the CAG is the sole auditor of Uttarakhand Parivahan Nigam. In respect of Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, the audit was entrusted to the CAG initially from 2003-04 to 2008-09 and

¹ Non-working PSUs are those which have ceased to carry on their operations.

² Includes 619-B companies.

³ Kumtron Limited, Uttar Pradesh Hill Phones Limited, Uttar Pradesh Hill Quartz Limited and UPAI Limited (under liquidation since 31 March 1991).

then extended upto 2013-14 under Section 20(1) of the Comptroller and Auditor General's (Duties, powers and Conditions of Service) Act, 1971.

3.1.3 Investment in State Public Sector Undertakings (PSUs)

As on 31 March 2013, the Investment (Capital and Long-Term Loans) of the State Government in 24 PSUs and Statutory Corporations (including 619-B Companies) was ₹ 7,054.25 crore as per details given in **Table 3.1.2**.

Table 3.1.2

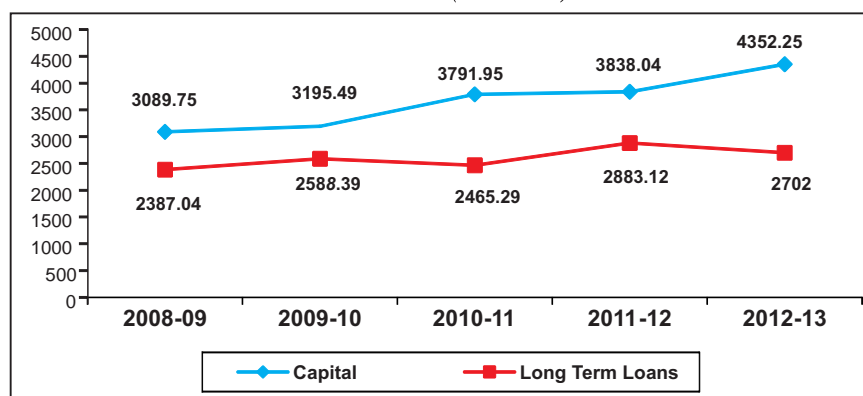
(₹ in crore)

Nature of investment	Government Companies		Statutory corporations	Grand Total
	Working companies	Non-working companies		
Capital	2,240.28	0.38	2,111.59	4,352.25
Long-Term Loans	2,549.84	---	152.16	2,702.00
Total	4,790.12	0.38	2,263.75	7,054.25

A summarized position of Government Investment in the State PSUs is given in **Appendix 3.2**.

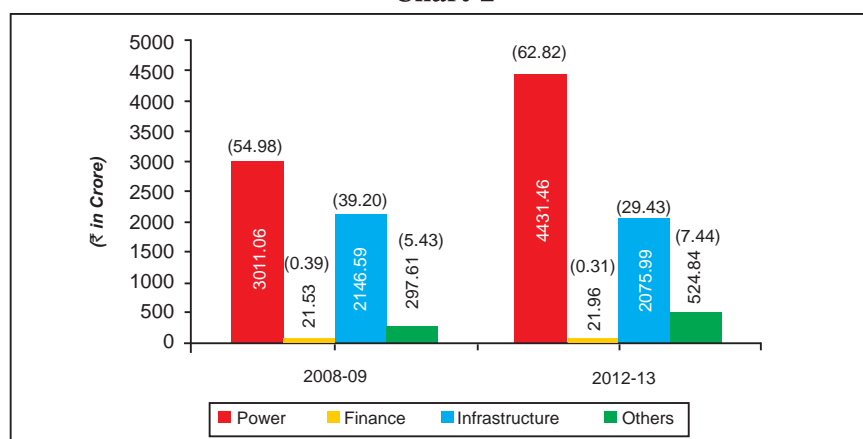
The total Investment increased by 28.80 per cent from ₹ 5,476.79 crore in 2008-09 to ₹ 7,054.25 crore in 2012-13 as shown below in **Chart 1**.

Chart-1 (₹ in crore)



The Investment in various important sectors both in absolute and relative terms at the end of 31 March 2009 and 31 March 2013 is indicated below in the bar **Chart-2**.

Chart-2



(Figures in brackets show the percentage of sector investment to total investment)

During 2012-13, the major percentage of investment continued to be in the power sector (62.82 per cent), there was an increase in investment by the State in other⁴ sectors.

3.1.4 Budgetary outgo, grants/subsidies, guarantees and loans

The trend of budgetary outgo towards equity, loans, grants/ subsidies and guarantees issued in respect of State PSUs are given in **Appendix 3.3**. The summarized details for the last three years ending 31 March 2013 are given in **Table 3.1.3**.

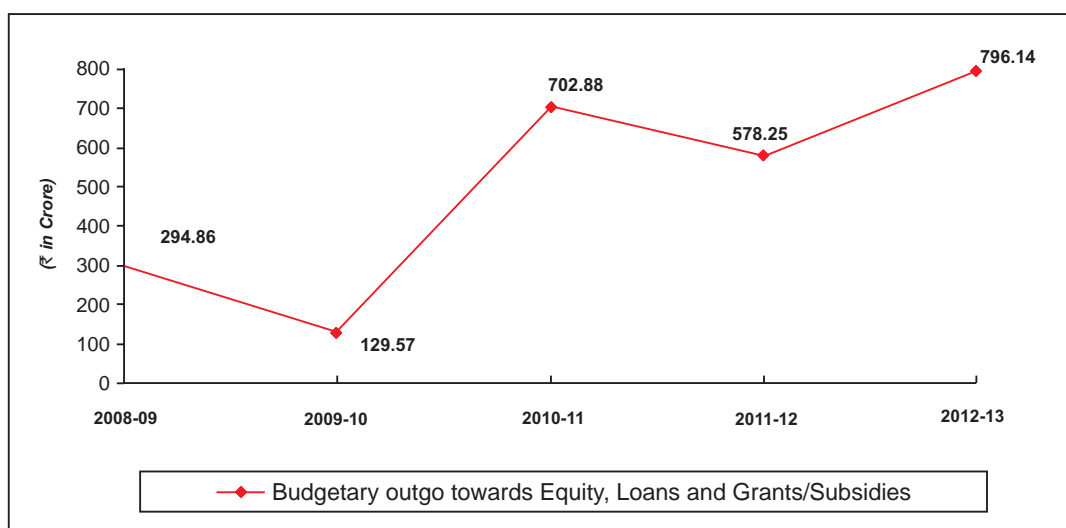
Table 3.1.3

(*₹ in crore*)

Sl No	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital	3	603.71	4	44.00	2	460.02
2.	Loans	3	65.70	5	458.02	3	252.90
3.	Grants/Subsidy	3	33.47	5	76.23	5	83.22
4.	Total outgo (1+2+3)	-	702.88	-	578.25	-	796.14
5.	Guarantees issued	2	279.98	1	1.35	1	1.51
6.	Guarantee Commitment	3	289.75	5	1,110.90	4	1,062.93

The increase in equity capital during the year 2012-13 was mainly due to sanction given by the Government in respect of Uttarakhand Power Corporation Limited (UPCL). The trend of budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in **Chart 3**.

Chart - 3



The budgetary outgo in State PSUs in the form of equity, loans and grants/subsidies provided by the State Government ranged between ₹ 294.86 crore and ₹ 796.14 crore during the period 2008-09 to 2012-13.

⁴ Agriculture & Allied, Manufacturing, Services & Miscellaneous.

The amount of Guarantee commitment as on 31 March 2011 was ₹ 289.75 crore (three PSUs) which increased to ₹ 1,110.90 crore (five PSUs) as on 31 March 2012 and then decreased to ₹ 1,062.93 crore (four PSUs) as on 31 March 2013 as detailed in **Appendix 3.3**.

The State Government charges Guarantee fee at the rate of one *per cent* and an additional one *per cent* in the case of defaulting PSUs. However, in 2012-13, only one PSU (Uttarakhand Jal Vidyut Nigam Limited) paid ₹ 8.47 crore as Guarantee fee pertaining to the year 2011-12. The Guarantee fee payable to the State Government by the other PSUs upto March 2013 amounted to ₹ 10.70 crore⁵ and the Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Ltd was exempted for payment of Guarantee fee.

3.1.5 Reconciliation with Finance Accounts of the Government

The figures in respect of equity, loans and guarantees outstanding as per the records of the State PSUs should match with that of the figures appearing in the Finance Accounts of the Government. In case the figures do not match, the PSUs concerned and the Finance Department should carry out reconciliation of the differences. The position in this regard as at 31 March 2013 is given in **Table 3.1.4**.

Table 3.1.4

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1,819.24	4,328.63	2,509.39
Loans	213.31	874.99	661.68
Guarantees	1,041.40	1,062.93	21.53

Audit observed that the differences occurred in respect of 20 PSUs and some of the differences were pending reconciliation since 2003. The concerned administrative departments, PSUs and Finance Department were requested every quarter to take necessary action to reconcile the differences.

3.1.6 Performance of Public Sector Undertakings (PSUs)

Out of 20 working PSUs, for which accounts were received upto 30 September 2013, eight PSUs earned Profit of ₹ 102.48 crore and 12 PSUs incurred loss of ₹ 336.73 crore. The major contributors to profit⁶ were Uttarakhand Jal Vidyut Nigam Limited (₹ 56.47 crore) and the State Industrial Development Corporation of Uttarakhand Limited (₹ 30.01 crore). The heavy loss⁷ were incurred by the Uttarakhand Power Corporation Limited (₹ 218.68 crore), Doiwala Sugar Company Limited (₹ 30.94 crore), Kichha Sugar Mill (₹ 25.17 crore) and Power Transmission Corporation of Uttarakhand Limited (₹ 7.01 crore). Further, Summarised Financial Results including net profit/loss, turnover, return on capital employed, etc. of Government companies and Statutory corporations for the year for which accounts were finalized as of September 2013 is given in **Appendix 3.1**.

⁵ UJVNL=₹7.16 crore, UPCL=₹2.49 crore and PTCUL=₹1.05 crore.

⁶ As per the Accounts for the year, Uttarakhand Jal Vidyut Nigam Limited (2011-12) and State Industrial Development Corporation of Uttarakhand Limited (2011-12).

⁷ As per the Accounts for the year, Uttarakhand Power Corporation Limited(2010-11), Doiwala Sugar Company Limited(2011-12), Kichha Sugar Mill (2011-12) and Power Transmission Corporation of Uttarakhand Limited (2011-12).

A review of last three years (2010-12) Audit Reports of the CAG shows that the State PSUs incurred controllable/avoidable expenditure of ₹ 1,575.20 crore, expenditure which was not recoverable ₹ 16.32 crore and infructuous investment of ₹ 21.46 crore which were controllable with better management. The year-wise details from Audit Reports of CAG as given in the **Table 3.1.5** below are based on test check of records of PSUs.

Table 3.1.5*(₹ in crore)*

Particulars	2009-10	2010-11	2011-12	Total
Expenditure not recoverable	3.26	10.78	2.28	16.32
Controllable/avoidable expenditure	1,283.32	175.46	116.42	1,575.20
Infructuous Investment	-	10.63	10.83	21.46
Total:	1,286.58	196.87	129.53	1,612.98

During 2012-13, one performance audit involving money value of ₹ 679.31 crore and two compliance audit paragraphs involving money value of ₹ 4.40 crore have been included in the Report. However, no reply was received from the Government (December 2013).

The State Government did not formulate any norm for dividend under which all PSUs were required to pay a minimum return on the paid up share capital contributed by the State Government. As per their latest finalised accounts, eight PSUs earned an aggregate profit of ₹ 102.48 crore but no dividend had been declared by them.

3.1.7 Arrears in finalisation of accounts

The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, the accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The details of progress made by the working PSUs in finalisation of accounts by September of respective year are given in **Table 3.1.6**.

Table 3.1.6

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of working PSUs	20	20	20	20	20
2.	Number of accounts finalised during the year	13	12	28	15	10
3.	Number of accounts in arrears	135	143	135	140	150
4.	Average arrears per PSU (3/1)	6.75	7.15	6.75	7	7.50
5.	Number of working PSUs with arrears in accounts	20	20	19	20	20
6.	Extent of arrears	1 to 22 years	1 to 23 years	1 to 24 years	1 to 25 years	1 to 26 years

The State PSUs failed to clear accounts each year during the preceding five years, from 2008-09 to 2012-13, causing accumulation of the arrears ranged from 135 to 150 number of accounts.

In addition to the above, there were arrears in finalisation of accounts by non-working PSUs also. Out of four non-working Companies, one Company, i.e., UPAI Limited was under liquidation process since 31 March 1991 and the remaining three non-working PSUs⁸ had arrears of accounts for 22 to 26 years.

⁸ Kumtron Limited, Uttar Pradesh Hill Phones Limited and Uttar Pradesh Hill Quartz Limited.

The State Government had invested ₹ 1,243.63 crore (Equity: ₹ 524.93 crore, loans: ₹ 696.26 crore and Grants: ₹ 22.44 crore) in nine PSUs during the years from 2005-06 to 2012-13 for which accounts had not been finalised as detailed in **Appendix 3.4**. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

The Administrative departments have the responsibility to oversee the activities of these entities and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit, of the arrears in finalization of accounts, no remedial measures were taken. The matter of arrears in accounts was also brought to the notice of the Chief Secretary (February 2013) and Principal Secretary (Finance), Government of Uttarakhand (May 2013) respectively to expedite clearance of backlog of arrears in accounts in a time bound manner.

3.1.8 Winding up of non-working PSUs

There were four non-working PSUs as of March 2013. Of these, one PSU has commenced liquidation process. The stages of closure in respect of non-working PSUs are given in **Table 3.1.7**.

Table 3.1.7

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	04 ⁹
2.	Of (1) above, the No. under	-
(a)	liquidation by Court (liquidator appointed)	01 ¹⁰
(b)	Voluntary winding up (liquidator appointed)	-
(c)	Closure, i.e., closing orders/ instructions issued but liquidation process not yet started.	03

During the year 2012-13, no Company was wound up. The only Company, i.e. UPAI Limited, which had taken the route of winding up in accordance with Court order, has been under liquidation for more than 21 years.

3.1.9 Comments on Annual Accounts

Ten working Companies forwarded their 10 accounts to Audit during the period October 2012 to September 2013. Of these, eight accounts were selected for supplementary audit and Non-Review Certificates were issued in respect of two companies. The audit reports of Statutory Auditors appointed by the CAG and the supplementary audit of the CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of the Statutory Auditors and the CAG are given in **Table 3.1.8**

Table 3.1.8

(₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	7	174.57	3	26.04	4	108.47
2.	Increase in loss	7	247.12	6	234.81	4	86.07
3.	Non-disclosure of material facts	6	1,251.59	2	11.41	1	28.25

⁹ Kumtron Limited, Uttar Pradesh Hill Phones Limited, Uttar Pradesh Hill Quartz Limited and UPAI Limited.

¹⁰ The Company, i.e., UPAI Limited was under liquidation since 31 March 1991.

During the year, the Statutory Auditors had given qualified certificates¹¹ in respect of eight accounts except in respect of accounts of two Companies, i.e., Uttarakhand State Infrastructure Development Corporation Limited (USIDC) and Kichha Sugar Mill for the year 2011-12 to whom Non-Review Certificates were issued.

Some of the important comments in respect of Annual Accounts of the Government companies for which audit was conducted during the period October 2012 to September 2013 are stated below:

Uttarakhand Jal Vidyut Nigam Limited (2011-12)

- Non-provision of other advances/recoverable amounting to ₹ 80.94 crore from private parties pending for more than 12 years for which recovery being doubtful.
- Non-provision of penal interest of ₹ 4.56 crore due to default in repayment of principal and interest on loan amount of Life Insurance Corporation (LIC).
- Non-provision of Electricity charges of ₹ 10.37 crore billed against UP Irrigation Department during 2001 to March 2012, recovery of which was doubtful.

Uttarakhand Power Corporation Limited (2010-11)

- Non-capitalizing of assets worth ₹ 7.10 crore and not providing for depreciation of ₹ 6.02 crore.
- Non-provision of Interest Liability of ₹ 4.05 crore to the Power Finance Corporation.
- The Company neither paid guarantee fee to the State Government nor made provision for penalty at the rate of one *per cent* which worked out to ₹ 1.40 crore.

State Infrastructure and Development Corporation Limited (2010-11)

- Assets worth ₹ 8.10 crore created against Grants received from Government of Uttarakhand were not shown in the accounts.
- Non-provision of penal interest of ₹ 1.19 crore on the unpaid loan taken from Government of Uttarakhand.

Power Transmission Corporation of Uttarakhand Limited (2011-12)

- Non-provision of penal guarantee fee of ₹ 3.79 crore payable to Uttarakhand Government.
- Non-provision of miscellaneous advance of ₹ 2.88 crore given to contractor pending for more than eight years, recovery of which was doubtful.

3.1.10 Internal Control /Internal Audit

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which need improvement. The comments made by the Statutory Auditors in respect of the internal control/ internal audit of eight Companies are given in **Table 3.1.9**.

¹¹ A qualified certificate is given by the statutory auditors represent that there are certain exceptions/qualifications on the financial Statement, which do not comply with Generally Accepted Accounting Principles.

Table 3.1.9

Sl. No.	Nature of comments made by the Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Appendix 3.2
1.	Non-fixation of minimum/ maximum limits of store and spares	02	A10, A11
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	07	A1, A5, A10, A13, A14 , A16 & A17
3.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	06	A5, A10, A13, A14, A16 & A17

It shows that PSUs need to improve their internal audit systems commensurately with the nature and size of business, devise suitable systems for provision of retiral dues, inventory management, introduction of information technology etc. for better results.

3.1.11 Status of placement of Separate Audit Reports (SARs) in respect of Corporations

The audit of Uttarakhand Parivahan Nigam is conducted under Section 33(2) of the State Road Transport Corporation Act, 1950, whereas audit of Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam is entrusted to the CAG under Section 52(3) of the Uttar Pradesh Water Supply and Sewerage Act, 1975. The status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory Corporations in the Legislature by the Government, is given in **Table 3.1.10**.

Table 3.1.10

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Uttarakhand Parivahan Nigam	2004-05	2005-06 to 2008-09	29 November 2012	NA
2.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2009-10	2010-11	20 January 2014	NA

3.1.12 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the PSUs were referred to the PSUs/State Government through Audit Inspection Reports for further investigation and in case of overpayments/excess payment, recovery of the same under intimation to audit.

During the course of audit in 2012-13, recoveries of ₹ 58.89 crore were pointed out to the Management of various PSUs, which were admitted by the PSUs. Against this, an amount of ₹ 4.92 crore was recovered during the year 2012-13.

3.1.13 Response of the departments to Audit Report material

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2013, one performance audit on Revenue Collection Efficiency of Distribution Company (UPCL) and two Theme Based Compliance Audit (Power Purchase Agreement entered into by UPCL & Promotion of Tourism related activities of KMVN were issued to the Additional Chief

Secretaries/Principal Secretaries of the concerned departments with the request to furnish replies within six weeks. Though the respective management of the PSUs concerned had furnished the replies, no reply was received from the State Government.

3.1.14 Follow-up on Audit Reports

Explanatory Notes outstanding

The Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Though the Audit Reports for the years 2009-10, 2010-11 and 2011-12 were presented to the State Legislature in March 2011, December 2012 and September 2013 respectively, all four departments had not submitted explanatory notes on all 14 paragraphs/performance audits as of 30 September 2013, as indicated in **Table 3.1.11**.

Table- 3.1.11

Year of Audit Report (Commercial)	Date of presentation	Total paragraphs/ performance audits in Audit Report	Number of paragraphs/ performance audits for which explanatory notes were not received
2009-10	March 2011	6	6
2010-11	December 2012	5	5
2011-12	September 2013	3	3
Total		14	14

Department wise analysis is also given in **Table 3.1.12**.

Table-3.1.12

Name of department	2009-10	2010-11	2011-12
Power	3	2	2
Infrastructure	1	-	1
Tourism	1	2	-
Manufacturing	1	1	-
Total	06	05	03

The Power Department was largely responsible for non-submission of explanatory notes, which did not submit explanatory notes on all 07 paragraphs/ performance audits.

Compliance to Reports of Committee on Public Undertakings (COPU)

The Action Taken Notes on the recommendations of COPU are required to be furnished within six months from the presentation of the Reports. Position of COPU meetings held, para actually discussed & finalized and COPU reports issued during the year 2009-10, 2010-11 and 2011-12 (upto July 2011) are given in the **Table 3.1.13**.

Table- 3.1.13

Period	No. of meeting held	Paragraphs/ Performance Audit	Paras/ Performance Audit discussed	Para/ Performance Audit finalized	No. of paragraphs/Performance Audit where replies not received
2009-10	-	-	-	-	-
2010-11	05	06	06	-	-
2011-12 (upto July 2011)	02	02	02	02	-

No COPU meeting was held since July 2011. Further, 34 paragraphs were still to be discussed by the COPU, the oldest one being from the Audit Report of 2001-02. Action Taken Notes (ATNs) are not being received for vetting as on 30 September 2013.

Response to inspection reports, draft paras and performance audits

Audit observations made during audit and not settled on the spot were communicated to the heads of the Public Sector Undertakings (PSUs) and concerned departments of the State Government through inspection reports. The heads of PSUs were required to furnish replies to the inspection reports through respective heads of departments within one month. Inspection reports issued up to March 2013 pertaining to 20 PSUs revealed that 1,669 paragraphs relating to 344 inspection reports remained outstanding at the end of 30 September 2013. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2013 is given in *Appendix 3.5*.

Similarly, performance audit reports and draft paragraphs on the working of Public Sector Undertakings are forwarded to the Secretary of the concerned administrative department demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Thus, one performance audit report and two compliance audit based thematic paragraph were forwarded to two departments¹² between July 2013 and September 2013.

It is also recommended that the Government may ensure (a) sending of replies to inspection reports/draft paragraphs/Action Taken Notes on the recommendations of COPU as per the prescribed time schedule, (b) recovery of loss/outstanding advances/overpayments within the prescribed time schedule, and (c) revamping of the system of responding to audit observations.

3.1.15 Disinvestment, Privatisation and Restructuring of PSUs

The State Government has no plan in place for disinvestment, privatisation or restructuring of any of the PSUs.

¹² Department of Power & Department of Tourism.

PERFORMANCE AUDIT

Uttarakhand Power Corporation Limited

3.2 Revenue Collection of the Power Distribution Company

The distribution system of the power sector constitutes the final link between power supply and the consumer. Uttarakhand Power Corporation Limited (Company) was incorporated under the Companies' Act, 1956 on February 12, 2001. Some of the significant findings are given below:

Highlights

- *Cost of energy could not be recovered from different categories of consumers to the extent of ₹ 473.78 crore during the period 2008-09 to 2012-13 after allowing for prescribed energy loss limit fixed by the UERC.*
[Paragraph 3.2.7.1]
- *There was loss of revenue amounting to ₹ 196.07 crore due to non-finalization of 'stop billing' cases as per provisions of the Electricity Supply Code of the UERC.*
[Paragraph 3.2.7.2(i)(a)]
- *Company suffered a loss of ₹ 3.88 crore due to use of conductors of inappropriate capacity.*
[Paragraph 3.2.7.6]
- *Company could not realize electricity charges of ₹ 178.82 crore and late payment surcharge of ₹ 217.39 crore on account of delayed payment of electricity bills in respect of 1,206 consumers.*
[Paragraph 3.2.8.1(d)]
- *There was non-realisation of additional security amounting to ₹ 17.04 crore from the 147 large & heavy consumers.*
[Paragraph 3.2.8.1(e)]
- *Inappropriate monitoring of recovery certificate by the company resulted into non-realization of dues of ₹ 45.51 crore from 2,539 defaulting consumers.*
[Paragraph 3.2.8.1(g)]

3.2.1 Introduction

Uttarakhand Power Corporation Limited UPCL (formerly Uttaranchal Power Corporation Limited) was incorporated under the Companies' Act, 1956 on February 12, 2001 consequent upon the formation of the State of Uttaranchal. UPCL (Company) has been entrusted with catering to the need of Transmission & Distribution sectors of power supply inherited after demerger from UPPCL (erstwhile Uttar Pradesh State Electricity Board) since 1st April 2001. The Electricity Act, 2003 mandated the separation of transmission functions under Power Sector Reforms. Accordingly, the Power Transmission Corporation Limited (PTCUL) was formed in June 2004 to maintain and operate 132 KV and above Transmission Lines & Sub-stations in the State. As a result, the UPCL today is the State Power Distribution Company of the Government

of Uttarakhand catering to the Distribution of 66 KV Lines and below in the State. The Company provides power supply to over 16.96 lakh consumers spread over 13 Districts of Uttarakhand. The consumers are categorised into various categories, such as domestic, commercial, agricultural, government, light industry, etc. based on the nature and purpose of use of power.

3.2.2 Organisational set-up

The management of the Company is vested with the Board of Directors, which is appointed by the State Government. The day-to-day operations of the Company are managed by its Managing Director, who is also the Chief Executive Officer of the Company, with the assistance of Director (Operation), Director (Project), Director (Finance), Director (HR) and Chief Engineer (Commercial). The Company has a total of 65 units/divisions out of which 30 units/divisions are directly involved in distribution of electricity and revenue realisation.

3.2.3 Audit Objectives

The audit objectives were to ascertain whether:

- Billing system was carried out efficiently;
- Collection of revenue was efficient and effective;
- Financial Management, i.e., accounting of revenue collection and its remittance into bank was correct and efficient; and
- Monitoring mechanism including the internal control system was in place and was effective.

3.2.4 Scope and Methodology of Audit

The scope of the performance audit covers revenue collection for the period from 2008-09 to 2012-13 by the distribution Company (UPCL). The performance audit was conducted between April and August 2013 by test-check of records of the Head Office and of 12¹³ divisions out of the 30 units/divisions of UPCL. These operational units were selected on the basis of Probability Proportional to Size with Replacement (PPSWR) method along with stratified random sampling in accordance with the guidelines of the National Sample Survey Organization, Government of India.

The audit objectives, criteria and methodology were discussed with the management of the Company in the “Entry Conference” held on 10th May 2013. Subsequently, audit findings were reported to the Company and the State Government in September 2013 and discussed in the “Exit Conference” held on 23rd October, 2013. The exit conference was attended by the Managing Director, Director (Finance), Director (Operation), Director (Project), Chief Engineer (Commercial) and other officers of the Company. The views offered by the Company management during Exit Conference have been considered and incorporated at appropriate places.

3.2.5 Audit Criteria

The audit criteria adopted for assessing the achievement of audit objectives were:

¹³ EDD Srinagar; EDD Kotdwar; EDD Haldwani (Urban); EDD Haldwani (Rural); EDD Haridwar (Urban); EDD Haridwar (Rural); EDD Dehradun (North); EDD Dehradun (South); EDD Dehradun (Central); EDD Rishikesh; EDD Rudrapur and EDD Kashipur.

- Provisions of Electricity Act, 2003 and the Electricity (amendment) Act, 2007;
- Plans and norms concerning distribution network of UPCL and planning criteria fixed by the Uttarakhand Electricity Regulatory Commission (UERC);
- Norms of technical and non-technical losses fixed by CEA/UERC/UPCL;
- Guidelines/instructions/directions/regulations issued by UERC/ UPCL on billing schedule, tariff, distribution code and Commercial Revenue Manual of UPCL; and
- Directions and instructions issued by the Government/UERC/UPCL from time to time.

Audit Findings

3.2.6. Financial position

The financial position of the Company for the last five years ending 2012-2013 is given in **Table 3.2.1**.

Table: 3.2.1
Details of financial position of the Company

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13 ¹⁴
1.	A. Liabilities					
2.	Paid up Capital	5.00	577.00	577.00	577.00	968.91
3.	Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	1,267.08	1,411.43	1,461.39	208.81	325.56
4.	Borrowings (Loan Funds)					
4.1.	Secured	321.65	349.44	332.15	311.28	447.53
4.2.	Unsecured	825.07	850.20	870.15	636.84	269.39
5.	Current Liabilities & Provisions	2,522.74	2,602.47	3,135.38	4,209.31	4,367.72
6.	Other Non- Current Liabilities plus IUT balance	-	-	-	14.59	11.97
7.	Total	4,941.54	5,790.54	6,376.07	5,957.83	6,391.08
8.	B. Assets					
9.	Gross Block	2,009.29	2,330.18	2,760.30	1,801.26	2,031.76
10.	Less: Depreciation	860.87	936.05	1,025.71	621.26	678.16
11.	Net Fixed Assets	1,148.42	1,394.13	1,734.59	1,180.00	1,353.60
12.	Capital works-in-progress	814.39	744.23	579.10	543.84	568.23
13.	Investments	102.77	162.90	128.27	289.58	442.16
14.	Current Assets, Loans and Advances	1,635.56	1,745.23	1,974.00	1,461.43	1,492.38
15.	Long term loans & Advances	-	-	-	479.96	469.35
16.	Accumulated losses	1,240.40	1,744.05	1,960.11	2,003.02	2,065.36
17.	Total	4,941.54	5,790.54	6,376.07	5,957.83	6,391.08
18.	Debt : Equity Ratio ¹⁵	0.90:1	0.60:1	0.59:1	1.20:1	0.55:1
19.	Net Worth¹⁶	31.68	244.38	78.28	-1,217.20	-770.89

(Source: Data compiled from the Balance Sheet and information /data provided by the Company)

The account of the Company for the year 2012-13 is in arrears. Therefore, the figures shown in the above table for the year 2012-13 are provisional. In this regard, audit noticed the following:

- The loans (secured and unsecured) have decreased from ₹ 1,146.72 crore to ₹ 716.92 crore during 2008-09 to 2012-13 whereas the current liabilities and provisions increased

¹⁴ The figures in respect of 2012-13 are provisional.

¹⁵ Equity includes paid up capital plus reserve and surplus.

¹⁶ Paid up capital *plus* Reserve and surplus *minus* accumulated losses.

from ₹ 2,522.74 crore during 2008-09 to ₹ 4,367.72 crore in 2012-13 which shows that the Company is resorting to short terms loans to meet its working capital requirement.

- Equity increased during 2009-10 as the State Government allowed the conversion of liability towards power purchase bonds amounting to ₹ 572 crore into equity. Further, the State Government provided ₹ 8.80 crore and converted the unsecured loan amounting ₹ 368.11 crore into equity in 2012-13. Besides, liability amount of ₹ 15 crore in respect of free power was also converted into equity.
- Debt Equity ratio of the Company decreased from 0.90:1 to 0.55:1 during 2008-09 to 2012-13. The net worth of the Company also decreased from ₹ 31.68 crore in 2008-09 to ₹ (-) 770.89 crore in 2012-13 which shows that the Company has more liabilities than assets after consistently posting accumulated losses over an extended period of time.
- The accumulated losses of the Company increased by ₹ 824.96 crore (66.51 per cent) from ₹ 1,240.40 crore in 2008-09 to ₹ 2,065.36 crore in 2012-13.
- Gross block of fixed assets increased from ₹ 2009.29 crore in 2008-09 to ₹ 2,031.76 crore in 2012-13 due to capitalization of new assets. The Company also adjusted assets of ₹ 1,296.24 crore during 2011-12 as these were created from the Government grants.
- The sundry debtors of the Company increased by ₹ 229.97 crore i.e. from ₹ 896.73 crore during 2008-09 to ₹ 1,126.70 crore during 2012-13 indicating inefficiency in collection.

Significant findings are as under:

- a) Audit scrutiny of records of six¹⁷ distribution divisions showed that the Bank Reconciliation Statements (BRS) were not prepared upto March 2013. The pendency of BRS ranged from one to 17 months. In the absence of reconciliation, the opening balance and closing balance of the cash book could not be verified. The Management agreed (October 2013) with the observations.
- b) It was noticed that during 08-11-2011 to 17-10-2012, an amount of ₹ 2.32 crore was deposited into the bank by Rural Division Haridwar which was not credited by the bank in the Company's account. The fact came into the notice of the division at the time of compilation of BRS. Thus, due to delay in preparation of BRS, embezzlement to the tune of ₹ 2.32 crore occurred. The division lodged F.I.R. against the Bank Manager (PNB) concerned and the matter is pending in court. The Management accepted the observations and stated (October 2013) that the matter is pending with the Board of Directors (BOD) of the bank.
- c) The submission of used revenue receipt books are to be watched through a register for posting of details of used and returned books. It was observed in three divisions¹⁸ that 8,042 Revenue Receipt books issued during 2009-10 to 2012-13 were not received till August 2013. The Management accepted the observations and stated (October 2013) that

¹⁷ Rudrapur (pending BRS from December 2012); Haridwar (Rural) (pending BRS from February 2013); Dehradun (North) (pending BRS from January 2013); Dehradun (South) (pending BRS from September 2011); Kashipur (pending BRS from March 2012) and Rishikesh (pending BRS from July 2012).

¹⁸ Srinagar (pending Revenue Receipt Books 415: issued during 5/12 to 01/13), Rishikesh (pending Revenue Receipt Books 5,488: issued during 04/09 to 03/13) and Kotdwar (pending Revenue Receipt Books 2,139: issued during 04/09 to 03/13).

the counterfoils of the used revenue receipt books have been collected in September 2013, after the matter was pointed out by audit.

3.2.7 Mechanism of billing and collection of revenue of the Company

The Company purchases electricity from various sources¹⁹ and supplies the same to various consumers at different rates as per tariff fixed by the Uttarakhand Electricity Regulatory Commission (UERC). On the basis of the prevalent rates of tariff, the rate of energy for each category of consumer is applied. The Company bills them on monthly/bi-monthly basis according to the consumption. The responsibility for collection of the billed amount rests with the divisions. The amounts collected by the divisions are transferred to the main receipt accounts²⁰ of the Company regularly. Thus, the efficiency in billing of the energy lies in distribution/sale of the maximum energy received by the Company to its consumers and by minimizing the distribution losses and maximizing the revenue realisation thereto. The distribution process consist of purchase of power, supply of power, metering and billing, realisation of dues from consumers; Revenue collection Management, Commercial performance of the Company, and Monitoring and Internal Control Mechanism as discussed below:

3.2.7.1 Purchase of power from various sources

To meet the increased requirement of power of the State, the Company had to purchase power from various sources. The total units and amount incurred on the purchase of power during 2008-09 to 2012-13 are shown in **Table 3.2.2**.

Table: 3.2.2
The details of amount incurred on the purchase of power

Particular	2008-09	2009-10	2010-11	2011-12	2012-13
Units purchased at distribution periphery (in MUs)	7,631.44	8,280.09	9,249.42	10,310.64	10,867.00
Power purchase (₹ in crore)	1,964.83	2,308.60	2,713.67	3,096.25	3,680.00

(Source: Information compiled from the data provided by the Company)

During 2008-09 to 2012-13, the Company purchased 42,253.28 MUs of power through long term agreements. Another 4,826.79 MUs were managed through open market purchases, Unscheduled Interchange (UI), Short term agreements and banking. The total expenditure on purchase of power had increased from ₹ 1,964.83 crore in 2008-09 to ₹ 3,680.00 crore in 2012-13. The total units purchased increased from 7,631.44 MUs to 10867 MUs during the same period. The power demand has increased from 7,932.60 MU to 11,478.09 MU during 2008-09 to 2012-13. The Company had met 96.49 *per cent* of the power requirement in the State through long term agreements in 2008-09 which declined to 77.31 *per cent* in 2012-13. The cost of procurement of power through long term agreement was in the range of ₹ 1.48 to ₹ 3.64 per unit whereas it was ₹ 3.43 to ₹ 7.53 per unit from other sources. It can be seen from **Appendix- 3.6** that the Company

¹⁹ Uttarakhand Jal Vidyut Nigam Limited, State quota of central pool (THDC and NHPC), IPP of the State, open market purchase and Unscheduled Interchange (UI).

²⁰ Main receipt accounts of the Company are the accounts in which Revenue collected by the divisions of the Company is transferred and this can be operated at corporate level only. There are four main receipt accounts of the Company at SBI, PNB, BOB and CBI.

was forced to bear distribution costs to the tune of ₹ 473.78 crore²¹ during the period 2008-09 to 2012-13 due to distribution loss over and above the limits fixed by the UERC. Audit analyzed that the main reasons for the losses of the Company were line loss over and above the admissible norms as prescribed by the Uttarakhand Electricity Regulatory Commission (UERC), poor High Tension – Low Tension (HT-LT) ratio, non-installation of Electronic Trip Meters (ETMs), non-achievement of 100 *per cent* metering, use of inappropriate conductors, ineffective internal control mechanism and less than 100 *per cent* realisation of arrears in revenue collection. In this connection, some of the important audit findings are given below:

3.2.7.2 Supply of power to the consumers

The losses at 33 KV stage are termed as sub-transmission losses while those at 11 KV and below are termed as distribution losses. The losses can occur due to technical and commercial reasons. Technical losses occur due to inherent character of equipment used for transmitting and distributing power, and resistance in conductors through which the energy is carried from one place to another. On the other hand, commercial losses occur due to low percentage of HT/ LT ratio, defective meters, drawal of un-metered supply, and theft of energy, etc. The units of energy lost by the Company for the last five years 2008-13 due to line loss, which could not be realized, are given in **Table 3.2.3**.

Table: 3.2.3
Details of energy lost by the Company

(In Million Units)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Total
1.	Energy purchased (in MUs)	7,631.44	8,280.09	9,249.42	10,310.64	10,867.00	46,338.59
2.	Energy sold (in MUs)	5,493.73	6,249.21	7,250.68	8,252.72	8,802.00	36,048.34
3.	Distribution losses (1 – 2) {in MUs}	2,137.71	2,030.88	1,998.74	2,057.92	2,065.00	10,290.25
4.	Percentage of distribution losses (<i>per cent</i>) {(3 / 1) x 100}	28.01	24.53	21.61	19.96	19.00	-
5.	Percentage of distribution losses allowed by UERC (<i>per cent</i>)	22.32	20.32	19.00	18.00	17.00	-
6.	Difference (4-5)	5.69	4.21	2.61	1.96	2.00	
7.	Excess distribution losses (in MUs)	434.23	348.59	241.41	202.09	217.34	1,443.66
8.	Average purchase rate per unit (in ₹)	3.78	4.06	3.99	4.53	4.51	-
9.	Average realisation rate per unit ²² (in ₹)	2.91	2.89	3.64	3.67	3.86	-
10.	Value of excess distribution losses (₹ in crore) (7 x 9)	126.40	100.67	88.58	74.13	84.00	473.78

(Source: Information compiled from the data provided by the Company)

It can be seen that the gap of average rate per unit of purchase and realisation was in the range of ₹ 0.35 to ₹ 1.17 during 2008-09 to 2012-13, which resulted into accumulation of the losses over the period.

²¹ Value of excess loss 2008-09 ₹ 126.40 crore; 2009-10 ₹ 100.67 crore; 2010-11 ₹ 88.58 crore; 2011-12 ₹ 74.13 crore and 2012-13 ₹ 84.00 crore = ₹ 473.78 crore.

²² Average realisation rate per unit = Revenue assessed/billed during the year *divided by* energy sold (in MUs).

(i) Metering and Billing of power supplied

As per the UERC order (September 2003 and May 2012), it is mandatory to attain 100 *per cent* metering of consumers. The efficiency in billing of energy depends on 100 *per cent* billing of energy sold to consumers. The Company bills its consumers on the basis of energy recorded in the meters (metered sale) and on assessment basis²³. The total energy available for sale and the energy billed by the Company during last five years are shown in **Table 3.2.4**.

Table: 3.2.4
Details of total energy available for sale and the energy billed

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Energy available for sale (in MUs)	7,631.44	8,280.09	9,249.42	10,310.64	10,867.00
Energy billed(in MUs)	5,493.73	6,249.21	7,250.68	8,252.72	8,802.00
Difference between energy available and energy billed (in MUs)	2,137.71 (28.01%)	2,030.88 (24.53%)	1,998.74 (21.61%)	2,057.92 (19.96%)	2,065.00 (19.00%)
Monetary value of unbilled energy (₹ in crore)	622.07	586.92	727.54	755.26	797.09
Assessed sales as percentage of metered sales ²⁴ (in <i>per cent</i>)	2.50	2.45	2.40	2.35	2.25

(Source: Information compiled from the data provided by the Company)

Audit observed that difference between energy available and energy billed ranged from 1,998.74 MUs to 2,137.71 MUs during 2008-09 to 2012-13, out of which billing was done on assessment basis to the range of 2.50 to 2.25 *per cent* and not as per actual consumption (metered sale) as well as applicable tariff thereof. The implication of selling energy on assessment basis is that instead of earning revenue as per the actual consumption and applicable tariff, the Company realises revenue on average basis only.

The Management agreed with the observations and stated (October 2013) that the metered sales and assessed sales are in direct proportion. It was also stated that due to measures taken by the Company, the assessed sale of energy reduced from 2.50 *per cent* in 2008-09 to 2.25 *per cent* in 2012-13, and the same will reduce further in near future.

The instances of inefficiencies in evaluation of metering and billing of power are discussed below:

a) The Electricity Supply Code (April 2007) of the UERC provides that the Company may issue a disconnection notice to a consumer who defaults in payment of dues, giving him 15 clear days to pay the dues. Thereafter, if the consumer does not clear all the dues within six months, such connection should be disconnected permanently.

Analysis of billing data of 17,000 KCC²⁵ consumers of the Company showed that there were 298 consumers of various categories, having dues ranging between ₹ five lakh to ₹ 17.22 crore and who had not deposited the dues for periods ranging from three to 60 months. The supply in respect of these consumers was temporarily disconnected and billing was stopped. However, the Company did not disconnect their power supply permanently and also did not issue the required

²³ Assessment Basis: The bills are raised on the basis of average estimated consumption where actual consumption of the consumers is not available due to unmetered or defective meters.

²⁴ The assessed sales as percentage of metered sale are based on the assumption of the Company.

²⁵ Key Consumer Cell: This was created by the Company to monitor consumers with connected load of above 50 KW. Most of the billing data of above consumers is available at the servers of the corporate office.

Recovery Certificate (RC) for recovery to the concerned District Magistrates in accordance with the provisions of the Company's Memorandum dated 2 November 2004. This resulted in non-realisation of arrears which accumulated to the tune of ₹ 196.07 crore at the end of March 2013 and the same was pending (August 2013).

The Management agreed with the observations and stated (October 2013) that it is trying to identify the actual amount and the fictitious amount so as to ensure that at least the actual amount is realised from the defaulting consumers. It was also stated that instructions have been issued at the divisions' level for ensuring quick action as per norms and recovery effected from the said consumers. However, the fact remains that the Company failed to initiate action for realisation, as prescribed, resulting in accumulation of substantial amount of arrears.

b) The Company Rate Schedules (March 2008) provides that (except domestic and PTW) consumers without Electronic Tri Vector Meters (ETMs), not billed under KVAh or those who had not installed shunt capacitors²⁶ of appropriate ratings and specifications, shall be levied low power factor surcharge²⁷ at the rate of five *per cent* on current energy bills. Test-check of records (August 2013) of EDD, Kashipur showed that five *per cent* surcharge was to be charged on the current energy bills on the electricity supplied to 42 connections with connected load of 803 KW pertaining to the Uttarakhand Jal Sansthan and to 69 connections with connected load of 900 KW pertaining to the State Tube-Well as these were without installed ETMs, shunt capacitors and had not been billed on KVAh. However, the same were billed in KW only. Further, it was noticed that the division issued bills of ₹ 260.11 lakh to the Uttarakhand Jal Sansthan for the period from April 2010 to January 2013 and ₹ 67.66 lakh to the State Tube-Well for the period from August 2009 to April 2013 without charging the surcharge. Audit could not quantify the amount of dues for the period from April 2008 to March 2010 and April 2008 to July 2009 pertaining to the Uttarakhand Jal Sansthan and the State Tube-Well respectively due to non-availability of records. Non-charging of surcharge has resulted in short levy of surcharge of ₹ 16.39 lakh²⁸.

The Management agreed with the observations and stated (October 2013) that revised bills have been issued to the consumers involved. It was also stated that the Company will install shunt capacitors at its own cost and will recover the same from the consumers by charging the cost in their bills in order to avoid further short recovery.

3.2.7.3 HT – LT ratio of the Company

The higher HT-LT ratio is essential to ensure that there is minimal line loss in the transmission and distribution of power is also minimised. As per the industrial practice, the ideal ratio of HT and LT line is 1:1. Audit found that the HT and LT ratio was approximately 0.78 against the required ratio of 1 during 2008-13. The Company added 5,102.62 CKM²⁹ and 6,500.95 CKM of HT and LT lines respectively in its network during the period 2008-13. The Company had focused on constructing more LT lines as compared to the HT lines during the period 2008-13.

²⁶ A capacitor or a group of capacitors which are placed across an electric power line or electric appliance to provide a voltage increase or to improve the power factor of the circuit.

²⁷ Power factor is the ratio of energy consumed by the consumer in KW/KVAH. If the above ratio is below 0.85 it is considered low power factors.

²⁸ In respect of Uttarakhand Jal Sansthan (₹13.01 lakh) and State Tube-Well (₹ 3.38 lakh).

²⁹ Circuit Kilo Metres.

The Company needed to plan the length of HT & LT lines in equal measure to achieve the 1:1 ratio which would have improved efficiency of its transmission and distribution network ensuring lesser line loss. The importance of reducing losses can be gauged from the fact that one *per cent* decrease in losses could add ₹ 33.98 crore³⁰ to the revenue of the Company.

The Management agreed with the observations and stated (October 2013) that the Company had one of the best HT/LT ratios despite the geographical conditions of the State. It was also stated that, after the implementation of the RAPDRP scheme, the position of HT/LT ratio will improve significantly.

3.2.7.4 Metering of consumers

As per the UERC order (September 2003 and May 2012), it is mandatory to attain 100 *per cent* metering of consumers. Accordingly, the works related to metering of unmetered consumers were to be completed by August 2012. However, records showed that against total of 16.96 lakh consumers, only 16.70 lakh had installed meters as of March, 2013.

The Management agreed with the observation and stated (October 2013) that it had made significant improvements in this field since the audit observations had been issued. As on 1st September 2013, only 9,679 consumers were unmetered and they would be metered by December, 2013.

(i) Heavy recurring loss of revenue due to Defective meters

As per the circular dated 16 February 2004 on Rate Schedule of the Company effective from 20 September 2003, all defective meters should be replaced within three months failing which the concerned Executive Engineer (Meter) and SDO (Distribution Division) shall be held responsible equally. Further, as per the target fixed by the Company, cases of defective meters (IDF, ADF & RDF)³¹ should be four *per cent* of the total consumers, and cases of No Access/No Reading (NA/NR) should be seven *per cent*.

Test-check of the records showed that against 16.96 lakh total consumers, meters of 3,57,622 consumers³² remained defective in the range of one to 12 months after allowing for the three months' permissible period for replacement of the defective meters. The maximum numbers of defects were IDF defects in both the zones. No case, where any responsibility was fixed on the concerned Executive Engineer/Sub-divisional Officer for delays in replacement of defective meters, was seen in audit.

The management agreed with observations and stated (October 2013) that sufficient meters have already been made available to the divisions and that it will be ensured that the defective meters are replaced in the minimum possible time. However, the fact remains that the divisions have failed to replace the defective meters as per prescribed time schedule.

3.2.7.5 Penalty due to non-compliance of UERC orders

In September 2003, UERC ordered to complete 100 *per cent* metering of all types of consumers by March 2005. Audit observed that the Company could not achieve the target. As a result, the

³⁰ (Energy sold is 8,802.00 MUs X 1/100 X ₹ 3.86 = ₹ 33.98 crore), based on average rate of realisation of the Company during 2012-13.

³¹ IDF= Identified Defective, ADF= Appears Defective and RDF= Reading Defective.

³² Garhwal zone-97,685(IDF)+7,090(ADF)+8,731(RDF)+74,037(NA/NR)=1,87,543.
Kumaon zone-98,521(IDF)+4,006(ADF)+4,767(RDF)+62,785(NA/NR)=1,70,079.

UERC imposed (August 2005) a consolidated penalty of ₹ One lakh and an additional penalty of ₹ 5,000 per day on account of supply of electricity to unmetered consumers. Further, UERC, in another order dated 25 May 2012, decided to waive off the recurring penalty of ₹ 5,000/- per day from 01 April 2011 if all the 28,486 unmetered connections were metered by August 2012. Audit noticed that the Company paid a penalty of ₹ 1.04 crore upto March 2011 on account of non achievement of 100 *per cent* metering. It was also seen that 0.26 lakh connections were still running unmetered as of March 2013.

Management agreed with the observations and stated (October 2013) that as on 1st September 2013, only 9,679 consumers remained unmetered and the same would be metered by December 2013. It was also stated that the Company will request for refund of penalty deposited with the UERC after completion of 100 *per cent* metering. However, the fact remains that had the Company ensured 100 *per cent* metering within the scheduled time, this penalty could have been avoided.

3.2.7.6 Use of inappropriate conductors

The use of conductor of appropriate rating is necessary to avoid the excess line losses. The current carrying capacity of a conductor is dependent on the design of the conductor to work in a certain temperature, strength of metal and the age of the conductor. As per the conductor catalogue based on IS: 398 (1961) the current carrying capacity of 'Dog' conductor is upto 300 amperes at 45⁰C ambient temperature.

Audit scrutiny of records of two sub-stations at Dhakrani Power House and SIDCUL Sub-station of the Company showed that the power was being transmitted by using conductor of lower thermal loading limit³³. Two feeders (33 KV) emanated from Dhakrani Power House which terminated at Selaqui and SIDCUL Sub-stations (11 KV) having lengths of 18.2 and 22.3 kilometres respectively. The feeders were constantly run on 'Dog' conductor at a load of 320 to 340 and 310 to 320 amperes respectively, whereas, for this load, the Company should have used a conductor of higher thermal loading limit. Thus, due to use of inappropriate capacity conductor, there was higher line loss to the Company on these feeders amounting to ₹ 3.88 crore³⁴ leviable at the minimum rate during the period March 2010 to February 2013, after allowing for two *per cent* of permissible line³⁵ loss.

The Management agreed with the observations and stated (October 2013) that for better management of the load, new sub-stations have been proposed in the line and that it was also proposed to replace the conductors on the same feeders. Thus, due to use of conductor of inappropriate capacity there has been a higher line loss.

3.2.8 Management of revenue collection

The revenue collection efficiency of the Company lies in realisation of the billed and assessed energy as well as outstanding dues of electricity. The revenue from sale of energy is the main source of income of the Company. Therefore, prompt and effective collection of revenue

³³ Thermal loading limit is the current carrying capacity of the Conductor.

³⁴ Input energy: 450.70 MUs *minus* energy received: 423.66 MUs= 27.04 MUs *minus* two *per cent* permissible line loss: 9.01 MUs= 18.03 MUs. The net short received energy = 18.03 MUsX10⁶ X ₹ 2.15 (the rate livable on RTS-1 consumers)= ₹ 3.88 crore.

³⁵ Line loss permissible for transmission line by UERC.

assumes great significance. The details of outstanding, assessed, collected and balance outstanding revenue at the beginning and end of the given year are depicted in **Table 3.2.5**.

Table: 3.2.5**(₹ in crore)**

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Balance outstanding at the beginning of the year	1,345.18	1,477.26	1,574.84	1,816.75	2,026.35
2.	Revenue assessed/Billed during the year	1,598.39	1,805.24	2,641.72	3,029.02	3,400.00
3.	Total amount due for realisation (1+2)	2,943.57	3,282.50	4,216.56	4,845.77	5,426.35
4.	Amount realised during the year	1,466.31	1,707.66	2,399.81	2,819.42	3,280.00
5.	Balance outstanding at the end of the year	1,477.26	1,574.84	1,816.75	2,026.35	2,146.35
6.	Percentage of amount realised to total dues (4/3)	49.81	52.02	56.91	58.18	60.45
7.	Arrears in terms of No. of months assessment (5 divided by 2/12 months)	11.09	10.47	8.25	8.03	7.58

(Source: Information compiled from the data provided by the Company)

The reasons for increase in outstanding arrears have also been discussed in para 3.2.7.2 and 3.2.8.1. Thus, the outstanding dues as on 31 March 2013 stood at ₹ 2,146.35 crore. The percentage of revenue realisation to actual dues was 60.45 *per cent*. The borrowings (secured and unsecured) of the Company for the year 2012-13 are equal to 33.40 *per cent* of the outstanding dues at the end of the year 2012-13.

The Management agreed (October 2013) with the audit observations.

3.2.8.1 Realisation of amount from consumers

Section 56 (1) of Electricity Act, 2003 and Office Memorandum No. 4421 issued by the Company in November 2004 provide that in case a consumer does not deposit electricity dues within 15 days from the due date of the bill, his connection would liable to be disconnected and a demand notice for recovery of electricity dues will be issued under Section-3 of the Act for depositing of dues against him within 30 days. Further, in case a consumer does not deposit the dues within stipulated period, a recovery certificate (R.C.) will be issued under Section-5 through District authorities. All such actions for recovery of electricity dues should be completed within a period of six months. The instances of inefficiency in realisation of dues by the Company due to noncompliance of norms *ibid* are discussed below:

a) In ten Divisions, as against 16,195 defaulting consumers of the category of Non-domestic/Commercial (RTS-2) consumers, only 2,023 connections were disconnected. There were outstanding electricity dues to the tune of ₹ 93.41 crore against depicting consumers as on February 2013. Further, these dues were old, ranging for periods from one to three years.

The Management agreed with the observations and stated (October 2013) that after the audit observation, the Company had recovered ₹ 15.02 crore and is trying to recover the rest of the realisable amount as soon as possible.

b) In seven divisions of the Company, 76 consumers billed under the category of Government Irrigation System and LT & HT Industry Consumer (RTS- 5 and 7) with arrears of more than ₹ one lakh, did not make payment of electricity dues in the range of 7 to 52 months. However, their supply was not disconnected and no action was taken as per the norms, resulting in accumulation of arrears to the tune of ₹ 19.80 crore (March 2013).

The Management agreed with the observations and stated (October 2013) that effective action had already been taken since the audit observation was issued and stated that ₹ 3.83 crore had already been recovered. For the rest of the realisable amount, field offices were making sincere efforts.

c) The arrears increased to the tune of ₹ 69.73 crore in respect of Private Tube-wells (PTW) under RTS-4 and domestic consumers under RTS-1 consumers during the period 2008-09 and 2012-13 as given in **Table 3.2.6**.

Table: 3.2.6

(₹ in lakh)

Name of the category of consumers	Details for the year 2008-09					Details for the year 2012-13				
	No. of connections	Connected Load (KW)	Electricity charge	Surcharge	Total	No. of connections	Connected Load (KW)	Electricity charge	Surcharge	Total
PTW	20,624	1,06,615	2,541.35	1,380.39	3,921.74	25,313	1,40,568	4,972.74	1,658.29	6,631.03
Domestic	11,74,867	13,13,196	22,421.30	9,599.86	32,021.16	12,11,122	17,49,962	22,686.25	13,599.10	36,285.35

(Source: Information compiled from the data provided by the Company)

It is pertinent to mention that the increase in the number of consumers in respect of PTW consumers during review period was only 22.74 per cent whereas the arrears increased by 69.08 per cent. In respect of domestic consumers, there was a 3.09 per cent increase in number of consumers and arrears, increased by 13.32 per cent.

The Management of the Company agreed with the observations and stated (October 2013) that there was significant improvement in the realisation from the domestic consumers of RTS-1 category and that the realisation increases in RABI/KHARIF season in case of Private Tube well Consumers (RTS-4) and also that efforts are being made to realise the dues by organizing camps in whole of the State and issuing RCs under Section-5 against defaulting consumers.

d) As per rate schedule March 2008 issued by UERC and Section 56 of Electricity Act 2003, the late payment surcharge of 1.25 per cent will be applicable if electricity bills are not paid in full within 15 days' grace period after the due date. The Company has the right to disconnect the power supply in case the surcharge is not paid by the consumers under the above referred Act. In 12 test-checked divisions, it was noticed that the late payment surcharge accumulated to the tune of ₹ 217.39 crore upto March 2013 and the same was pending for realisation till August 2013 against 1,206 consumers including Nagar Nigam /Nagar Palika, Jal Nigam, State tube-well, Jal Sansthan and Public water works as on March 2013 (**Appendix- 3.7**). It was also noticed that these consumers also failed to pay electricity dues of ₹ 178.82 crore.

Management agreed with the observations and stated (October 2013) that the budget provision of the Government Departments concerned is inadequate for making the payment of electricity bills. The top management of the Company is pursuing the matter vigorously with the State Government to recover its dues as early as possible. It was further stated that ₹ 55 crore from Jal Sansthan has already been realised in the month of October, 2013 & ₹ 26 crore will be recovered from Irrigation Department in the month of November, 2013.

e) The UPSEB notification March 1994 and the UERC (the Electric Supply Code) Regulation, 2007 effective from April 2007 provides that the additional security for the consumer should be assessed in each financial year in respect of those consumers who have been

given connection for supply of electricity. The additional security should be equal to average consumption of two months' bill. In case, security reassessed exceeds the difference of initial security and the security worked out, the difference will be demanded by giving notice to the consumers within 45 days. In case the additional security is not deposited within the stipulated period, the electricity supply of the consumer can be disconnected. A test-check of records of bills, and files relating to large and heavy consumers of eight divisions showed that additional security to the extent of ₹ 17.04 crore was pending for realisation (March 2013) against 147 consumers but no action was taken in this regard.

The Management agreed with the observations and stated (October 2013) that ₹ 3.38 crore has already been realised from the outstanding additional securities.

f) As per the UPSEB notification March 1994 and the UERC (Release of new HT & EHT connections, Enhancement and Reduction of Loads) Regulations, 2007, the initial security was revised to ₹ 1,000 per KW for all consumers (except domestic and PTW consumers³⁶). The notice was to be given to all such consumers for depositing the security within 30 days failing which the electricity supply of the consumers could be disconnected. A test-check of records of ten distribution divisions showed that the initial security to the extent of ₹ 4.46 crore was pending against 1,049 (all Government category) consumers as on 31 March 2013 and the same could not be realised upto August 2013.

The Management stated (October 2013) that most of the connections released to entities of Government department are very old and at the time of UPSEB, the initial security from these connections was not charged, and that the company is now charging initial security from every category of consumers. Reply of the Management is not tenable since as per the UERC order, the initial security is to be collected from all categories of consumers and no exemption is provided to old or new Government category consumers. Thus, the initial security should have been realised.

g) Records of eight divisions showed that Recovery Certificates (RCs) were issued through the District Magistrates (DM) for realisation of ₹ 45.51 crore against 2,539 defaulting consumers. It was found that recovery was pending for the last one to seven years (August 2013) in respect of these consumers. Further, no correspondence was taken up with District Magistrates or efforts made by divisions to ensure early realization.

The Management agreed with the observations and stated (October 2013) that ₹ 1.90 crore had been recovered up to September 2013 and that the divisions are pursuing the matter for early recovery/realisation of the remaining amount. It was also stated that the Management will take up this issue with the State Government for early realisation as the recovery will be made through the District authorities.

h) As per office order (December, 2003) of the Company, electricity duty will be levied at the rate of 20 *per cent* on their fixed charges in case of unmetered consumers. Audit noticed that Company did not levy electricity duty amounting to ₹ 0.70 crore from 1,645 unmetered private tube well consumers³⁷ with connected load of 8,898 KW at the rate of 20 *per cent* of the fixed charges during 2012-13.

³⁶ Rate of Initial security for domestic and PTW was ₹ 400 per KW and ₹ 100 per KW respectively.

³⁷ (Garhwal Zone 1,473 consumers with connected load of 8,031 KW and Kumaon Zone 172 consumers with connected load of 867 KW).

The Management stated (October 2013) that as per U.P. Electricity (Duty) Act, 1952, no electricity duty is required to be levied on the consumption of private tube-wells consumers. Reply of the Management is not convincing as the instructions given in the aforesaid office order were not followed in the year 2012-13 whereas electricity duty was imposed in the previous years (2008-09 to 2011-12).

i) In Kotdwar division, electricity dues pertaining to Minimum Consumption Guarantee (MCG), independent feeder surcharge, Late Payment Surcharge (LPS) on Hill Development Rebate (HDR) and difference in tariff with effect from 16 September 2001 amounting to ₹ 41.91 crore against nine consumers relating to large and heavy/ HT industrial consumers, were pending for realization as on March 2013.

The Management of the Company agreed with the observations and stated (October 2013) that currently the matter was under consideration of the Ombudsman and assured that the recovery of the amount commented upon will be assured.

3.2.9 Filing of Annual Revenue Requirement (ARR) before UERC

The tariff structure of Company is subject to revision and approval by the UERC after the objections, if any, received against the Aggregate Revenue Requirement (ARR) petition filed by them within the stipulated date. Company was required to file ARR for each year 120 days before the commencement of the respective financial year. The UERC accepts the application filed by Company with such modifications/ conditions as may be deemed just and appropriate considering all suggestions and objections from the public and other stakeholders. The Company failed to file the petition within due date in one³⁸ out of five years. Further, the Commission started suo-motu proceedings for tariff fixation as the Company failed to file their ARR for the year 2008-09. Hence, the Company was deprived of benefits of higher tariff during 2008-09.

Audit observed from the tariff orders that the UERC did not allow various amounts of expenditure during 2008-09 to 2012-13 as detailed in the **Table 3.2.7**.

Table: 3.2.7

(₹ in crore)		
Sl. No.	Particulars	Expenditure disallowed
1.	Depreciation	145.22
2.	Power Purchase	1,958.31
3.	Interest on working capital	70.27
4.	Interest charges	32.75
5.	Provision for bad and doubtful debts	969.28
6.	O & M	128.63
Total		3,304.46

UERC did not allow the above expenses due to lack of proper justification for the same by the Company. The Company is planning to file final true up for the year 2011-12 on the basis of audited balance sheet, and the provisional true up for the year 2012-13 before the UERC and projected to be submitted by December 2013.

3.2.10 Internal Control System

Internal Control is a process designed for providing reasonable assurance of efficiency of operation, timely updating and upkeep of financial records, and compliance with applicable laws

³⁸ During 2009-10.

and statutes. A well defined internal control system minimizes the risk of errors and irregularities. Also a robust Management Information System (MIS) is an important tool to manage and control the activities of the Company and keep the top management updated about the working of the Company. It also helps in identifying the areas for improvement. For such a huge organization, to manage its operations economically, efficiently and effectively, the presence of an effective and efficient MIS is, thus, essential particularly as it also helps in detecting and preventing the short comings and ensures smooth flow of communication within the Company.

3.2.10.1 Inadequate Control Mechanisms

The deficiencies noticed in the internal control system are discussed below:

- (i) Company does not have any system in place to identify the age wise analysis of its outstanding dues and resultantly, it could not evolve any system for timely recovery of its dues.
- (ii) Company could not convert the cases of stop billing/temporary disconnection into permanent disconnection in the prescribed time.
- (iii) Company failed to arrest line losses due to non-formulation of any mechanism for monitoring and inability to carry out 100 *per cent* metering of all consumers and realising additional/initial security deposits.
- (iv) There were 482 cases amounting to ₹ 393.63 crore relating to revenue collection pending with different courts from 1987 to March 2013. Instead of having a centralized monitoring mechanism to pursue and follow up the cases in an organized manner, cases were pursued by the concerned divisional heads at their own initiative, and without any guidance.

The Management agreed with the observations and stated (October 2013) that the Company is working on creating a system which can identify the age of the outstanding dues, stop billing cases, and the temporarily disconnection cases to eliminate the fictitious amounts outstanding. It was also stated that the time frame for metering of all the consumers is December 2013. It was further stated that with the implementation of the R-APDRP scheme, there will be substantial improvement in line loss, etc. It was stated that the Company is planning to appoint a senior Law Officer for pursuing various court cases amounting to ₹ 393.63 crore pending with the different Courts.

- (v) As per UERC's order (July 2004), the Company has to provide facilities to the consumers for depositing of electricity bill, energy metering and reading. The Commission directed the Company to ensure presence of collection centres within reasonable distance of consumer's premises provided facilities for payment of electricity bills through cheques in urban centres by November 2004, and in rural areas by December 2004. Audit scrutiny of records of the Company showed that the expert committee of the Commission was constituted (December 2004) for an assessment of the compliance to the Commission's order. The committee observed (September 2005) that the Company is not following the Commission's directions in respect of billing, and collection and other facilities. The Commission levied a consolidated penalty of ₹ one lakh for noncompliance of the Commission's order and also imposed from September 2005, a recurring penalty of ₹ 2,500/- per day against which company had paid an amount of ₹ 0.52 crore upto March 2011 while ₹ 0.70 crore were due for payment upto March 2013.

The Management agreed with the observations and stated (October 2013) that the Company has already provided online payment facility to its consumers and is requesting to the Commission (UERC) to waive off the penalty. However, the fact remains that the penalty has not been waived off by the UERC till date.

- (vi) The absence of centralised monitoring of large arrears and lack of follow up action resulted in accumulation of arrears of electricity dues during the period from May 1990 to October 2012 against M/s IDPL³⁹ to the tune of ₹ 250.28 crore. The Company approached (February 2013) the BIFR⁴⁰, New Delhi to realize the outstanding dues and the same is pending (October 2013). The Management agreed with the observations and stated (October 2013) that a dedicated team will be deputed for pursuing the matter to ensure the recovery of the pending amount of ₹ 250.28 crore from the IDPL.

3.2.10.2 Inefficient Vigilance Mechanism

In order to minimise the cases of pilferage/ loss of energy, Section 163 of the Electricity Act 2003 provides that the licensee may enter in to the premises of a consumer for inspection and testing the apparatus. As per section 135 of Electricity Act 2003 and Electricity (amendment) Act, 2007, theft of energy is a criminal offence punishable under the said Act. The Company has a separate vigilance wing for the detection and prevention of misuse/theft of power. The audit observed that the Company did not fix any target for inspection and testing of apparatus. The data relating to theft cases was not maintained by eight⁴¹ out of the twelve sampled units. Further, data was not maintained in an organized manner by four⁴² divisions and details of checking and assessment during the period 2009-11 were also not provided to audit for scrutiny. An analysis of the theft cases and assessments made by the four divisions of the Company during 2011-13 is detailed in **Table 3.2.8**.

Table: 3.2.8
Details of theft cases and assessments made

(₹ in lakh)

Name of division	Year of checking	Total number of consumers	Number of checking	Number of theft cases detected	Direct theft	UUE ⁴³ / Shunt detected	FIR lodged	Amount assessed	Amount realized	Balance
EDD, Rudrapur	2011-2012	77,353	NA	135	58	77	NA	174.22	38.36	135.86
EDD, Kashipur	2011-2012 and 2012-13	62,588	NA	370	306	64	306	320.47	169.60	150.87
EDD(south) Dehradun	2012-2013	64,598	463	222	222	NA	140	135.63	108.65	26.98
EDD (Rural) Haridwar	2011-12 and 2012-13	49,966	1,076	1,076	561	515	561	284.75	144.26	140.49
Total	-	2,54,505	1,539	1,803	1,147	656	1,007	915.07	460.87	454.20

(Source: Information compiled from the data provided by the Company)

The total number of checks carried out (South Dehradun and Rural Haridwar) was less than one *per cent* of the total numbers of consumers. It was observed that checking by Rural Haridwar

³⁹ Indian Drugs Pharmaceuticals Limited, Rishikesh.

⁴⁰ Board for Industrial and Financial Re-construction.

⁴¹ Dehradun (North); Dehradun (Central); Rishikesh; Srinagar; Kotdwar, Haldwani (Rural); Haldwani (Urban) and Haridwar (Urban).

⁴² Rudrapur; Kashipur; Dehradun (South) and Haridwar (Rural).

⁴³ Unauthorised use of electricity.

division had revealed theft in 100 *per cent* of the cases checked. Out of the total detected 1,803 cases⁴⁴ of direct thefts and UUE/Shunt, FIR was lodged in only 1,007 cases and against the assessed amount of ₹ 915.07 lakh only ₹ 460.87 lakh was realized by the Company (August 2013) from the defaulting consumers.

The Management agreed with the observations and stated (October 2013) that due to shortage of manpower, the raids conducted by the divisions were not sufficient and that the Company is trying to identify theft prone areas and ensure that the ABC⁴⁵ conductor will be installed under RAPDRP scheme and also that double metering will be in place for ensuring enhanced checking in areas. Regarding short realisation from defaulting consumers, it was stated that the recovery remains pending as the concerned consumers have approached courts of law.

Conclusion

The accumulated loss of the Company was increasing year by year. The billing and collection procedures were deficient as the Company could not recover even the cost of energy by reducing line losses which were due to theft, unmetered supply, non-ensuring accuracy of meters and failure to identify theft prone areas. The Company could not recover the initial security from the Government consumers. The UERC did not allow various amounts of expenditure on account of lack of proper justification by the Company. The Company did not fix targets for realisation of current and old outstanding revenue, which resulted in poor realisation of revenue. The Company could not take adequate and timely action against the defaulting consumers which resulted in accumulation of arrears. The internal control system in the Company remained weak and the Company failed to bill the total energy supplied by it.

Recommendations

The Company may consider:

- ensuring that the bank reconciliation is prepared on the monthly basis to avoid any misappropriation;
- ensuring 100 *per cent* metering of all consumers, accuracy of meters at regular intervals and timely replacement of defective meters to avoid revenue loss;
- improving the HT/LT ratio of the distribution network by increasing the coverage of HT lines;
- identifying age wise old outstanding dues to ensure the clear picture of actual old outstanding dues and to take appropriate steps to recover them promptly;
- establishing a system to ensure the segregation from realised amount between current year and old outstanding dues;
- strengthening the Internal Control system to minimise the risk of irregularities/errors; and
- laying of Aerial Bunch Cable in the theft prone areas to avoid power theft.

The audit findings were referred to the Government in August 2013. The reply had not been received (December 2013).

⁴⁴ Direct theft-1147 and UUE/shunt detected-656 cases.

⁴⁵ Ariel Bunch Conductor.

COMPLIANCE AUDIT

Kumaon Mandal Vikas Nigam

3.3 Promotion of Tourism related activities of Kumaon Mandal Vikas Nigam Limited

The Nigam could not achieve its objective of promoting tourism in the Kumaon region of the State. The percentage of tourist availing its facilities was negligible (5.29 *per cent*). The Nigam had no strategy for publicity. Due to inadequate planning the intended objective of promoting village tourism remained unrealized. During the period 2005- 2008, the Nigam constructed 20 Tourist Information Centers (TICs) with an expenditure of ₹ 2.12 crore, out of which nine TICs involving expenditure of ₹ 0.97 crore were lying idle. Further, without approach road and basic facilities, constructed TRHs at a cost of ₹1.42 crore remained idle.

3.3.1 Introduction

The Kumaon Mandal Vikas Nigam Limited (Nigam) was incorporated (August 1976) as a wholly owned State Government Company under the administrative control of the Department of Tourism with the aim of promoting tourism related activities in all the six districts⁴⁶ of Kumaon region of erstwhile Uttar Pradesh State, now Uttarakhand. Tourism related activities of the Nigam are broadly classified in two categories, that is, Promotional activities and Infrastructural activities. The Nigam was responsible for development, promotion, marketing and operation of 47 Tourist Rest Houses (TRHs) and canteens of which five⁴⁷ are running on contractual basis, 20 Tourist Information Centers (TICs), tourism villages in Padampuri and Adi-Kailash of District Nainital, tourism oriented handicraft industry in Tanakpur (District Champawat) and craft centre in Deenapani (District Almora). It also promotes adventure tourism related activities like water sports, winter sports, paragliding, etc. and imparting training to the locals and the tourists.

The audit was taken up to assess whether necessary infrastructure and other basic facilities required for promotion of tourism in the Kumaon region were well conceived, provided and operated by the Nigam during the period 2008-09 to 2012-13. Audit was taken up during April 2013 to June 2013 by test check of records of Head office situated in District Nainital including 13 TRHs out of 47 TRHs which were selected based on simple random with replacement sampling technique.

3.3.2 Audit findings

3.3.2.1 Low Occupancy in Tourist Rest Houses (TRHs)

The Nigam operated 47 TRHs in the Kumaon region that were divided into three categories “A”, “B” and “C” based on their profitability, location and occupancy. During the period 2008-12, the number of tourists increased from 14.52 lakh to 19.11 lakh (31.61 *per cent*) in the Kumaon region. However, the Nigam could not be benefited from the increased tourist inflow. The year wise details are given in **Table 3.3.1**.

⁴⁶ Nainital, Almora, Pithoragarh, Bageshwer, Udham Singh Nagar and Champawat.

⁴⁷ Koshi, Kaladhungi, Manila, Monal and Poornagiri.

Table: 3.3.1
Details of increased tourist inflow

Calendar Year	(Number of tourists in lakh)				
	2008	2009	2010	2011	2012
Flow of tourist into Kumaon Region	14.52	16.77	17.45	17.76	19.11
Share of TRHs	1.10	1.13	1.11	1.08	1.01 ⁴⁸
Share of Nigam (in per cent)	7.58	6.74	6.36	6.08	5.29

Source: Compiled on the basis of information furnished by the Nigam.

It can be seen that TRHs attracted 5.43 lakh (6.34 per cent) tourists against the total tourist inflow of 85.61 lakh in the Kumaon region during the period January 2008 to December 2012. The overall average occupancy of category 'A' TRHs ranged between 30.30 to 37.88 per cent, of Category 'B' TRHs between 25.78 to 31.84 per cent and of category 'C' TRHs between 17.56 to 20.81 per cent. The reasons for low occupancy were as under:

- Lack of infrastructure in remote areas such as car parking, approach road, etc.
- Non availability of facilities like generators for uninterrupted power supply, health clubs, internet, indoor games, etc. which help in attracting tourists;
- Poor quality of services including poor maintenance of rooms (i.e. sewage problem, lack of proper cleaning, etc.); and
- Obsolete methods of publicity (i.e. absence of any sign boards in places such as railway stations/bus stands), non-advertisements in National newspapers, etc.

The Management admitted the facts (June 2013).

3.3.2.2 Functioning of Tourist Rest Houses (TRHs)

All TRHs are categorized by the Nigam into three categories (A, B & C) based on their profitability, location and occupancy. The category-wise analysis of the performance of TRHs during the period 2008-13 is given in **Table 3.3.2**.

Table: 3.3.2

Sl. No.	Particulars	(₹ in crore)		
		Category of TRH		
		A	B	C
1.	No. of TRH ⁴⁹	8	13	21
2.	Actual Turnover	22.75	16.93	6.38
3.	Other Income	0.97	0.38	0.36
4.	Total Expenditure	14.85	14.54	9.18
5.	Establishment expenditure	7.76	8.17	5.83
6.	Operational Sales excluding Establishment expenditure (2+3-5)	15.96	9.13	0.92
7.	Profit/(-)loss (2+3-4)	8.87	2.77	(-)2.44
8.	Percentage of establishment expenses to turnover	34.11	48.27	91.28

Source: Compiled on the basis of information furnished by the Nigam.

It can be seen that category 'C' TRHs incurred a total loss of ₹ 2.44 crore during the period 2008-13. The operational sales setting aside the establishment expenses of Category "A", "B" and "C" TRHs were ₹ 1,596.91 lakh, ₹ 913.91 lakh and ₹ 91.69 lakh respectively. Establishment expenses were high in both category 'B' and 'C' TRHs and accounted for 48.27 and 91.28 per

⁴⁸ Upto October 2012.

⁴⁹ Exclude 5 TRHs which were on rent.

cent of the turnover respectively. Further, it was observed that the Nigam had not worked out a turnaround strategy for the loss making TRHs and no targets in this regard were set by the Nigam. In order to earn profit in Category 'C' TRHs, the occupancy level is required to be increased by improving basic facilities/services and ensuring publicity. On this being pointed out, the Management replied (June 2013) that efforts are being made to increase the occupancy of the TRHs.

3.3.2.3 Avoidable losses in running of Tourist Rest Houses (TRHs)

Test-check of records at the Nigam's Headquarters showed that the profit and loss for the last five years i.e. for the period April 2008 to March 2013 in respect of six "C" category TRHs⁵⁰ were making continuous losses as shown in Table 3.3.3.

Table: 3.3.3

(₹ in lakh)

Name of TRH	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Almora	-4.59	-4.30	-12.76	-21.97	-9.35	-52.97
Bageshwar	-1.39	-4.31	-5.28	-10.52	-6.41	-27.91
Champawat	-3.38	-6.87	-9.75	-7.61	-9.02	-36.63
Deenapani	-0.69	-0.41	-3.59	-4.31	-6.23	-15.23
Khairna	-5.57	-2.01	-2.02	-5.70	-4.12	-19.42
Lohaghaat	-5.03	-1.14	-4.67	-5.60	-6.13	-22.57
Total	-20.65	-19.04	-38.07	-55.71	-41.26	-174.73

Source: Compiled on the basis of information furnished by the Nigam.

It can be seen that the Nigam had incurred a loss of ₹ 1.75 crore in running the above mentioned TRHs. It was also observed that Nigam had given out five⁵¹ other loss making TRHs on contractual basis to avoid further losses. As per the contract, expenditure for running TRH is borne by the contractor and a fixed amount is payable to the Nigam. This option could have also been applied to these six TRHs to avoid loss of ₹ 1.75 crore.

On this being pointed out, Nigam stated (June 2013) that efforts were being made to run these TRHs on profit, and if they failed even now to earn profit, then they would also be operated on contract basis. The reply is not satisfactory as losses could be reduced only with an increase in occupancy of TRHs.

3.3.2.4 Publicity and Tourism Marketing

The tourism business is highly dependent on publicity besides providing affordable and comfortable facilities/services. To increase inflow of tourists in TRHs, a promotional policy for publicity was needed to be formulated. This could include sign boards at airports, railway stations, bus-stands and other entry points into the State, hoardings displayed at key places, wide publicity in electronic media, print media and through seminars.

Audit noticed that the Nigam had no strategy for ensuring publicity of its TRHs. It had remained confined to the distribution of pamphlets at the booking centres & at the TRHs. An expenditure of ₹ 51.78 lakh was incurred during 2008-13 on advertisements in local newspapers and magazines only. Further, analysis of records also showed that the share of occupancy in TRHs, both in terms of percentage and in numbers, had declined from 7.58 per cent (1.10 lakh tourists)

⁵⁰ Other than selected TRHs.

⁵¹ Koshi, Kaladhungi, Manila, Monal and Poornagiri.

in 2008-09 to 5.29 *per cent* (1.01 lakh tourists) in 2012-13 with respect to total inflow of tourists in the Kumaon region. Audit also noticed that in order to undertake the above mentioned activities, the Nigam had never approached the Government with any planned strategy. Thus, the Nigam could not harness the full tourist potential of the Kumaon region due to inadequate publicity.

On this being pointed out, the Nigam admitted (June 2013) the facts and stated that the existing publicity and marketing were not sufficient.

3.3.2.5 Adventure tourism

To promote adventure tourism activities in Kumaon Region, Nigam organizes various adventure tourism activities like Rafting, Rock Climbing, Paragliding, Snow Skating, etc. and also imparts training tourists and unemployed youth of local villages as shown in **Table 3.3.4**.

Table: 3.3.4

Particulars	(₹ in lakh)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Nigam business (Adventure tourism)	5.32	5.65	7.13	6.86	6.70
Profit of the Nigam	2.64	1.26	2.09	1.02	1.43
Participants trained (in numbers)	408	242	755	504	225

Source: Compiled on the basis of information furnished by the Nigam

It can be seen from the above table that the Nigam earned a profit of ₹ 8.44 lakh against the expenditure of ₹ 23.22 lakh during 2008-13. Nigam had imparted training to 1,622 local unemployed youth against the total 2,134 participants⁵². However, scrutiny of records showed that except river rafting, Nigam could not organize activities regularly, such as Paragliding and Snow Skating while rock climbing was not taken up by Nigam altogether since 2011-12. Except for those participants taking part in river rafting, no insurance of participants in other activities was done despite involvement of a high risk factor. Further, the Nigam had provided advances of ₹ 7.22 lakh in 2012-13 to the Manager (Adventure Tourism) for organising river rafting, rock climbing, paragliding, etc. without adjusting earlier advances⁵³ to the tune of ₹ 19.99 lakh given for the same purposes during 2007-08 to 2011-12. It resulted in non-adjustment of ₹ 27.21 lakh till March 2013 which was in contravention of the General Financial Rules.

The Nigam stated (May 2013) that paragliding was organized jointly with a Private Organization (Himalayan Adventure) due to non-availability of land and the training of snow skating was not being organized due to insufficient snowfall and lack of trained staff in the Nigam. It was also assured that insurance of all the participants of the adventures activities would be carried out henceforth. The Management also stated (June 2013) that vouchers of ₹ 27.21 lakh had been received which are under process of adjustment.

3.3.2.6 Village Tourism

To develop Tourism villages in Padampuri and Adi-Kailash of District Nainital, the State Government sanctioned ₹ 100 lakh under Central Assistance (December 2006) to the Nigam. As

⁵² 512 tourists + 1622 local unemployed youth.

⁵³ ₹ 4.35 lakh of 2007-08, ₹ 1.43 lakh of 2008-09, ₹ 6.33 lakh of 2009-10, ₹ 2.74 lakh of 2010-11 & ₹ 5.14 lakh of 2011-12.

per the sanction, the work of hardware, i.e. construction of log huts, community hall, craft centre was to be taken up only after a written undertaking was obtained by the Nigam from the Non-Government Organisation (NGO) which would run the village (Log huts) (vide State Government Order (26 March 2007)). Further, the log huts were to be handed over to the NGO⁵⁴ authorized for running them as provided in the Government order (24 April 2009), which, in turn was to provide training to the villagers in Videography, Photography and in Craft work.

Audit scrutiny of records showed that Nigam constructed hardware/log huts (December 2008) at Padampuri and Adi-kailash at an expenditure of ₹ 100 lakh without obtaining requisite undertaking from an NGO for operation of these tourism villages in contravention of the provisions of the sanction order. As a result, these log huts could not be handed over to the NGO for providing necessary training to the villagers of Padampuri and Adi- Kailash since December 2008. These log-huts remained idle and were also depreciating in value.

On this being pointed out, the Nigam stated (June 2013) that no guidelines for operation and maintenance of these hardware had been received from the State Government so far. Reply is not acceptable because the sanction order clearly stipulated that construction of hardware was to be started only after a written undertaking was taken from the NGO for its operation, which was ignored. Thus, due to inadequate planning, even after incurring ₹ 100 lakh, the intended objective of promoting village tourism remained unrealised.

3.3.2.7 Promotion of Tourism Oriented Handicrafts Industry

As per tourism policy, it is essential to promote large scale production of Souvenirs and artifacts based on the traditional arts and crafts and encourage a rich fare of high quality international, nation and local cuisines of the region for promoting tourism oriented handicrafts Industry. The Nigam proposed construction of ten shops (July 2006) for developing a Craft centre at TRH Tanakpur, and upgradation of the TRH. An amount of ₹ 84.17 lakh was sanctioned (February 2007) by the Government of India (GOI) for this purpose.

Audit scrutiny of records showed that the construction work of the shops was completed at a cost of ₹ 60.92 lakh in September 2008. However, these shops were not used as craft centres by the allottees. Out of ten shops, five were leased to LIC for 9 years and rest were allotted to others who are not carrying out any craft related activity from the premises as had been initially envisaged in the sanction. Thus, the objective to promote Tourism Oriented Handicraft Industry was defeated. On this being pointed out, the Nigam accepted the audit observation and stated (June 2013) that tenders had been invited for the Craft centres but no bids had been received in response.

Further, in order to promote the Kumaoni craft & cultural tourism, the Government of India, Ministry of Tourism sanctioned (December 2006) an amount of ₹ 35.44 lakh to the Nigam for construction of 15 shops for developing Craft Centre, basic public amenities, booking counter and car parking at the TRH Deenapani (Almora) out of which only 5 shops were completed in April 2008. These Craft Centres and associated facilities were lying idle (May 2013) and no efforts were found to have been made by the Nigam for utilisation of these assets during audit. On this being pointed out, the Nigam stated that efforts to allot the Craft centre to local people had been made but no person was interested to take these shops on rent for the said purpose.

⁵⁴ Samar Foundation, New Delhi.

3.3.3 Infrastructural Activities

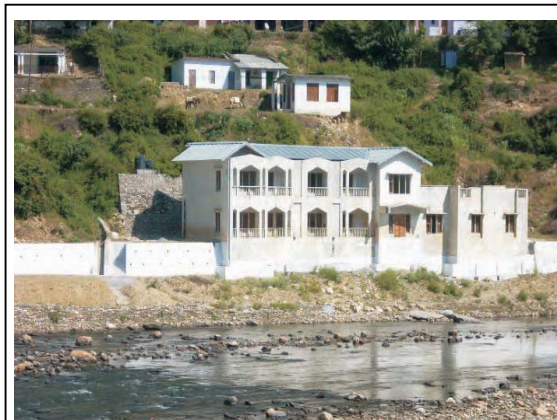
3.3.3.1 Non-functional Tourist Information Centers (TICs)

For the promotion of tourism in Kumaon region, TICs were to be constructed to provide basic facilities like rest-houses, entertainment, toilet, bath and PCOs to the tourists' en-route to their respective destinations. Test-check of records showed that the State Government accorded an administrative sanction (10 February 2004) of ₹ 215.34 lakh for the construction of 21 TICs in Kumaon region of Uttarakhand. It was noticed that during the period 2005 to 2008, the Nigam constructed 20 TICs with an expenditure of ₹ 212.49 lakh. However, only 11 out of 20 TICs were rented out and nine TICs⁵⁵ involving expenditure of ₹ 96.64 lakh were lying idle. As a result, the objective of promoting tourism and providing basic facilities/information to the tourists was not fulfilled. On this being pointed out, Nigam accepted the facts (May 2013).

3.3.3.2 Non-productive investment in Tourist Rest Houses (TRHs)

Construction of TRH at Kakrighat, Almora sanctioned (March 2006) by the State Government at a cost of ₹ 82.35 lakh was completed by the Nigam in October 2008 at the sanctioned cost. However, the TRH had no approach road, though more than four and half years have elapsed from the date of completion of the TRH, it was not yet in operation (May, 2013). Further, construction of another TRH at Katarmal, Almora sanctioned (September 2005) by the Government of India, Ministry of Tourism at a cost of ₹ 59.77 lakh was completed by the Nigam in March 2008 at the sanctioned cost. Audit found that this TRH was non-functional (May 2013) because of non-availability of basic facilities like supply of drinking water, electricity, furniture and approach road.

Nigam stated (June 2013) that there was no approach road at the time of selection of site for construction of TRH, hence, it was thought that tourists would go to the TRH by crossing the river. In respect of TRH at Katarmal, Almora the Nigam accepted the facts and stated (October 2013) that the work for the construction of approach road was in progress. Thus, defective planning for TRH resulted in blocking of funds that could have been utilized elsewhere.



TRH at Kakrighat, Almora

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

⁵⁵ 1. Vijaypur 2. Fatgali 3. Gingartola 4. Aampadao 5. Kakrighat 6. Chaukhutiya 7. Dwarahaat 8. Mooligaun 9. Ghoonaghat.

Uttarakhand Power Corporation Limited

3.4 Power purchase agreements entered into by Uttarakhand Power Corporation Limited

UPCL had violated the provisions of the grid code by drawing 2793.45 MUs of unscheduled interchange (UI) energy during 2008-09 to 2012-13 for which UPCL had to pay ₹ 252.40 crore more as UI charges. Short term purchases drastically increased from 138.92 MU in 2009-10 to 1696.08 MU in 2012-13. UPCL was regularly overdrawing beyond the limit prescribed by the UERC thereby resulting in grid indiscipline.

Uttarakhand Power Corporation Limited (UPCL) is the only distribution Company in the state of Uttarakhand. In order to meet the consumer demand, the UPCL procures power from the Central Generating Stations⁵⁶ from where power has been allocated to Uttarakhand. Additional allocations are also sought from the central un-allocated quota⁵⁷ available in the Centre Power Sector Units (CPSUs) and other external sources⁵⁸. The audit was taken up to assess whether the distribution utility was able to augment its power purchase agreements (PPAs) in furtherance of its objective to achieve a balance between sustainable power supply *vis-à-vis* consumers' interest. The audit was undertaken between April to June 2013. It involved detailed examination of PPAs entered into by the UPCL with the Independent Power Producers (IPPs) at the Headquarters of the UPCL and five distribution divisions⁵⁹ out of total nine which are purchasing power directly from the IPPs on behalf of UPCL as per agreements. Audit findings on PPAs are discussed in the succeeding paragraphs.

3.4.1 Management of power purchase

For better power purchase management, the company had to purchase the power economically while at the same time, ensuring all time availability of power.

Audit noticed that the gap between the demand and purchase of power increased from 78.38 MUs in 2008-09 to 629.89 MUs in 2012-13 as detailed in **Appendix 3.8**. Further, the UPCL has been procuring power from four primary sources⁶⁰. UPCL also has banking arrangements⁶¹ with utilities in other States. It also procures power on short term basis through trading licensees/ power exchange, etc. UPCL has entered into 89 long term PPAs till March 2013. Over the years, power purchased by UPCL from various sources is depicted in **Table 3.4.1**.

⁵⁶ Central Generating Stations means generating stations owned by the Companies owned or controlled by Central Government.

⁵⁷ Allocation of power is made to the States/ UTs in two parts, namely firm allocation of 85% and 15% unallocated power for allocation by the Government for meeting the urgent/overall requirement.

⁵⁸ National Thermal Power Corporation (NTPC), National Hydro Power Corporation (NHPC), Nuclear Power Corporation (NPC) and etc.

⁵⁹ Electricity Distribution Divisions- Bageshwar, Pithoragarh, Roorkee (Rural), New Tehri and Uttarkashi.

⁶⁰ CPSUs, UJVNL & Free Power, UI Overdrawal/Under drawal/Short-term Agreement/Banking & IPPs.

⁶¹ Under a "banking arrangement"- swapping of equivalent power (exchanging electricity) between utilities is made. This arrangement is in the form of energy exchange only and no cash transaction is involved.

Table: 3.4.1

(in MUs)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1	Central Public Sector Undertakings	2,715.12	2,970.93	3,488.52	3,400.13	2,966.00
2	Uttarakhand Jal Vidyut Nigam Limited (UJVNL) & Free Power	4,850.61	4,372.47	5,145.18	5,666.31	5,401.82
3	UI Overdrawal/Under drawal/Short-term Agreement/Banking	199.90	956.64	585.06	1,103.70	1,974.86
4	IPPs	88.59	151.83	231.47	298.77	505.52
	Total	7,854.22	8,451.87	9,450.23	10,468.91	10,848.20

Source: Uttarakhand Power Corporation Limited

Further, UPCL may resort to meet any deficit power by Unscheduled Interchange⁶² (UI) overdrawal from the grid. However, this is not a regular means of planning for procurement of deficit energy and should be a measure of last resort only. Frequent UI overdrawal add to the grid indiscipline besides being expensive. The position of UPCL in meeting deficit power by UI overdrawal, a short term power purchase and power cut is given in **Appendix-3.8**. Audit observed that UPCL met power deficit by increasing overdrawal of power from the grid during the last five years. The Company had violated the provisions of the grid code and had drawn 2,793.45 MUs of unscheduled energy during 2008-09 to 2012-13 for which the Company had to pay ₹ 252.40 crore more as UI charges. Moreover, short term purchases drastically increased from 138.92 MU in 2009-10 to 1,696.08 MU in 2012-13. Power cuts increased from 78.38 MU in 2008-09 to 629.89 MU in 2012-13 which hinders the economic growth of the State. In totality, UPCL, during the last five year, had to meet more than 15 per cent of its power requirements through unscheduled interchange (UI) drawal, short-term power purchase and power cuts that increased alarmingly to 26.53 per cent in 2012-13 at a cost higher than average cost per unit that could have been avoided if long term power purchase arrangements had been put in place.

On this being pointed out, the Management stated (June 2013) that the exact fore-casting requirement of energy per day is not possible because of uncertainty of availability of Hydel generation from UJVNL which is, in turn dependent upon uncertain discharge of water and rainfall. It further stated that the tenders for long term power purchase had been invited in September 2009 for the next 25 years with effect from 01 April 2011. The lowest rate quoted was ₹ 4.68/kWh which was found to be uneconomical. The reply of the Management is not convincing as UI over drawals consistently increased from 392.67 MU in 2008-09 to 552.21 MU in 2012-13. Moreover, the average rate per unit for purchase of power through short term agreement was not only higher than the average cost per unit of actual power purchased by UPCL but also rate per unit given in the report of CERC on short term power market in India, 2012-13. Besides, in the last five years, UPCL had invited tenders for long term power purchase only once in September 2009. Thus, the Corporation did not make any serious efforts to seek more economical rates for power purchase. The dependence of the UPCL on power purchased through short term agreements increased during last five years with the average cost per unit⁶³ ranging from ₹ 4.02 to ₹ 7.72.

⁶² In a given time-block for a generating station or a seller, UI means its total actual generation minus its total scheduled generation and for a beneficiary or buyer, the term means its total actual drawal minus its total scheduled drawal.

⁶³ The range of ₹4.02 per unit to ₹7.72 per unit are the average cost calculated for year. However, in real time purchase the cost ranged from ₹ 3.68 per unit to ₹ 11.98 per unit in the period 2008-09 to 2012-13.

3.4.2 Overdrawal of energy beyond prescribed limit

Central Electricity Regulatory Commission (CERC) notified the unscheduled interchange charges and related matters regulations, 2009 which came into effect from April 1, 2009 stating that the additional UI charges imposed on the utilities under the UI regulations of CERC for overdrawal during the period when grid frequency is below 49.2 Hz should not be permitted in the annual revenue requirement (ARR) of distribution utilities with effect from 1 August 2009. Accordingly, UERC fixes frequency every year as given in **Table 3.4.2** which restrict the UPCL to overdraw energy beyond the prescribed frequency.

Table: 3.4.2

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Frequency fixed by UERC beyond which UI Charges were to be borne by UPCL	49.5 Hz	49.2 Hz	49.2 Hz	49.7 Hz	49.8 Hz

Source: Uttarakhand Power Corporation Limited

During the scrutiny of daily logbook maintained⁶⁴ at State Load Dispatch Centre (SLDC), instances of overdrawal of power below the prescribed frequency of 49.8 Hz for the year 2012-13 were noticed which indicates that UPCL is regularly overdrawing beyond the limit prescribed by the UERC thereby resulting in grid indiscipline. It was further observed that the UERC had asked UPCL to submit the details of energy overdrawn and UI charges imposed on UPCL at a system frequency below 49.2 Hz and 49.7 Hz for 2010-11 and 2011-12 respectively. The same information for the last five years was also called for in audit but details of UI overdrawal below the prescribed frequency, till date, were neither provided to the audit nor to the UERC.

On this being pointed out, the Management stated (June 2013) that the total UI charges are being included in the Aggregate Revenue Requirement (ARR) and till now, no UI charges had been disallowed by the UERC. The reply is not convincing as the UPCL has not furnished the details of UI charges paid beyond the prescribed frequency besides regularly overdrawing beyond the limits resulted in grid indiscipline.

3.4.3 Operational management of Energy

The discrepancies noticed in the operational management of energy are discussed below:

3.4.3.1 Non-billing of import of energy by Independent Power Producers (IPPs)

IPPs need electricity to meet the requirement of their own use or for startup which is to be purchased from the UPCL (Import of energy). As per the agreements entered into with IPPs, the UPCL shall raise the monthly bills for electricity purchased by the IPPs through normal billing cycle in such manner as specified by the Commission in the Regulations. Further, UERC in its Notification (July 2010) inter alia states that the purchase of electricity by generating station shall be charged as per the tariff determined by the Commission for temporary supply. Scrutiny of the records of IPPs under Electricity Distribution Division (EDD) at Bageshwar, Pithoragarh and Uttarkashi showed that:

- The EDD, Bageshwar was adjusting the import of energy by IPP (i.e. Parvtiya Power Limited) against the export of energy (energy purchased by UPCL) in the monthly energy account since February 2008 i.e. date of its energization to July 2012. However, sealing certificate in respect of date of energization at the generating station end was not produced to audit. Further, instead of adjusting the energy, separate monthly bills for import of energy in compliance with UERC directions should have been raised. The IPPs should be treated as an Industry and monthly fixed charges should also have been levied. Failure to do so resulted in loss of revenue of ₹ 5.39 lakh;

⁶⁴ 27.07.2012 to 29.07.2012.

- In case of EDD, Pithoragarh, only one bill (upto Feb 2012) since the energization (May 2011) of IPP was raised till May 2013; and
- In case of EDD, Uttarkashi neither any bill was raised against IPP⁶⁵ (Hanuman Ganga Hydro Power Project) since its energization, i.e., April 2004 (document called for but still awaited in audit) nor any adjustment of the import of energy against export of energy was made.

3.4.3.2 Measurement of capacity, accuracy and energy metering

As per the agreements entered into with IPPs, the UPCL shall test all the metering equipment for accuracy in the presence of a representative of the Generating Company, if the Generating Company so elects, at least once every year while the agreement is in force.

Test-check of records of the Distribution Divisions showed that out of the five IPPs, meter testing in two IPPs⁶⁶ was not conducted regularly while in case of three IPPs⁶⁷ no meter testing was conducted since their energization upto March 2013 in violation of the agreement terms. In the absence of proper and regular meter checking and testing, the accuracy of billing of energy exported by the IPPs is doubtful. Consequently, the authenticity of amount paid in respect of energy exported could not be commented upon.

The audit findings were referred to the Government in October 2013. The reply had not been received (December 2013).

Dehradun
The

(SAURABH NARAIN)
Accountant General (Audit), Uttarakhand

Countersigned

New Delhi
The

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

⁶⁵ In a natural calamity (August 03 2012) the IPP was reported to be destroyed.

⁶⁶ Swasti Power Limited, and Gunsola Hydro Power Ltd. in New Tehri district.

⁶⁷ Him Hydro Power Limited, situated at Motigad in Pithoragarh, Uttam Sugar Mills, Jay Ace Technologies and Metro Frozen in Roorkee.