

# Chapter 8

## **Conclusion and Recommendations**



# Conclusion and Recommendation

# 8

## Chapter

### 8.1 Conclusion

R-APDRP aimed at establishing reliable and automated systems for collection of accurate data through greater adoption of Information Technology. The programme aimed at achieving sustained loss reduction and enforcing internal accountability for better performance through preparation of baseline data for project areas covering consumer indexing, GIS mapping, metering of distribution transformers and feeders, automatic data logging and regular distribution strengthening projects.

The pace of implementation of the scheme was slow with the actual budgeted amount being only 39.32 *per cent* of the amount originally envisaged while the releases were even lower. In a number of projects examined in the selected sample, only the first instalment had been released. The counterpart funding was also not tied up by many Utilities within the prescribed period.

There were shortcomings in appraisal of project DPRs. It was noticed that DPRs were not being prepared in line with the Model DPR. Instances of revision in cost of the projects without approval of the Steering Committee were also noticed. In some cases, the DPRs were appraised and approved by the Steering Committee without recommendation of State DRCs in contravention of the prescribed procedure. Instances of additional expenditure due to re-tendering, deficiencies in quality controls were also noticed.

Though only 50 *per cent* of the sanctioned costs had been disbursed to Utilities, nearly 80 *per cent* of the towns had been declared 'Go Live'. It was noticed that 'Go Live' was declared by the States themselves without verification by or approval of MOP. Further, the AT & C losses had increased relative to the baseline or could not be generated in more than 100 towns which had been declared 'Go Live'. Besides, the methodology used for calculating the AT & C losses, though laid down, was not followed uniformly leading to varying estimates of the AT & C losses. Energy accounting and audit was not being conducted in 12 states as Part A projects were yet to be completed and different modules for data collection were yet to be integrated.

## 8.2 Recommendations

The recommendations were discussed in the exit conference and most of the recommendations were accepted by the MOP. The audit recommendations are presented below:

1. Ministry should ensure that Utilities tie-up Counterpart funding before release of funds.
2. Ministry may ensure that Utilisation Certificates are submitted by the concerned Utilities as per timelines prescribed in the General Financial Rules.
3. Ministry should consider evolving a mechanism of reporting of achievement of milestones vis-à-vis targets by state utilities along with reasons for non-achievement and action taken.
4. Ministry may ensure 100 *per cent* completion of metering so that verification of Baseline Data of Aggregate Technical and Commercial losses is completed, annual verification of Aggregate Technical and Commercial losses is done and to enable effective energy accounting and audit.
5. Ministry may encourage States to set up the special courts and vigilance squads, based on population of project area, so that speedy trials of offences act as deterrent to theft of electricity thereby reducing the commercial losses.
6. Monitoring and evaluation process, at the level of the Distribution Reforms Committee and Steering / Review Committee, needs to be strengthened to ensure that projects are completed in time.



(NANDANA MUNSHI)  
Director General of Audit  
(Economic & Service Ministries)

Dated: 08 November 2016  
Place: New Delhi

Countersigned



(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India

Dated: 08 November 2016  
Place: New Delhi